

Specialists in
Landlord Insurance



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Landlord
Preferred
Policy,
Product
Disclosure
Statement
and Policy
Wording

Terri Scheer Insurance

**LANDLORD PREFERRED POLICY
PRODUCT DISCLOSURE STATEMENT
AND POLICY WORDING**

Product Disclosure Statement and Policy Wording (PDS)

The purpose of this Product Disclosure Statement and Policy Wording (PDS) is to help you understand the insurance policy and provide you with sufficient information to enable you to compare and make an informed decision about it.

This PDS is in two parts:

Part 1: Important Information. This part includes important information about your rights and responsibilities, the General Insurance Code of Practice and how you may contact us if you have a complaint.

Part 2: Policy Wording. This part contains the terms, conditions, limits and definitions of your Insurance.

Other documents may form part of the PDS. Any such documents will be dated and will include a statement identifying them as part of the PDS. If any major omissions, updates or corrections need to be made to the PDS, a supplementary PDS may be provided.

Part 1: Important information

It is important that you:

- u read all of this PDS before you buy the Insurance to make sure it gives you the protection you need, and
- u are aware of the limits on the cover provided, the amounts we will pay you and any excess that applies.

About Terri Scheer

Terri Scheer Insurance Pty Ltd was established in 1995 to specialise in providing landlord insurance for owners of professionally managed residential rental properties.

The founder, Terri Scheer, designed landlords insurance in 1990.

The Company is unique in that it is the only insurance intermediary in Australia to specialise solely in landlord insurance.

Terri Scheer Insurance Pty Ltd provides training for licensed real estate agents and on site Property Managers in the area of general insurance and claims handling, to ensure the best possible results for landlords.

This insurance is only available to landlords whose property is managed by a licensed real estate agent or on-site Property Manager.

Welcome to Vero

Vero is part of a Group that can trace its origins back to 1833 in Australia. Since then we have successfully protected our customers' personal and business assets.

Vero aims to provide our customers with certainty and peace of mind, through innovative, specialised and expert insurance offerings.

Vero offers a range of insurance products including home building, home contents, private motor, caravan and travel insurance.

Date of preparation: 1 April 2009

Date effective: 17 August 2009

Version Number: MKT171 (08/2009)

Insurer

Vero Insurance Limited ABN 48 005 297 807, AFS Licence No. 283059 is the insurer and issuer of the insurance policy and is the issuer of this PDS. References to 'us', 'we' and 'our' in this Policy are to the insurer.

In arranging this insurance Policy, Terri Scheer Insurance Pty Ltd ABN 76 070 874 798, AFS Licence No. 218585 will be acting under authority given to them by Vero. They will be acting as agents of Vero, not as your agent.

How you contact us

You may contact Vero by calling:

u 1300 794 133;

or alternatively by writing to us at:

Vero Insurance Limited
GPO Box 1619, Adelaide, SA 5001

The amount you pay for this insurance

The total premium is the amount we charge you for this Insurance. It includes the amount which we have calculated will cover the risk, plus any taxes and government charges – all of which will be shown on your Policy Schedule

You can pay your premium in one annual payment by cash, cheque, postal order, MasterCard, Visa or BPay.

How various factors affect your premium

We consider a number of factors in calculating your premium. The key factors that affect your premium are:

- u the State/Territory in which the property is located:

State/Territory	Base Premium
ACT	\$300
NSW	\$350
NT	\$280
QLD	\$280
SA	\$255
TAS	\$225
VIC	\$275
WA	\$260

- u optional covers selected. For example, if you elect to increase the weekly rent cover to more than the standard \$1000 per week included in the base premium, then your total premium will increase.

Each time you renew, your premium may change even if your personal circumstances have not changed. This is because premiums are also affected by other factors such as:

- u the cost and frequency of claims we have paid to other customers,
- u changes in government taxes or charges,
- u the cost and frequency of claims we expect to pay in the future, and
- u our expenses of doing business.

We calculate your premium by taking into account the above factors and by combining the following:

1. Discounts

The following discount is available to eligible applicants.

Multiple Property discount

To be eligible for a multiple property discount the policyholder named on the policy must have a minimum of 3 current Landlord Preferred and Scheer Short Stay policies. If you meet these criteria you will be entitled to a \$20.00 discount on the premium payable for each policy.

For example, if you have 2 current Landlord Preferred policies (LPP) and 2 current Scheer Short Stay policies (SSS) and all properties are located in SA, then your discount would be calculated as follows.

Premium for SA properties	Discounted Premium
2 x LPP is 2 x \$255 = \$510	2 x LPP is \$255 less \$20 multiple property discount = \$235 per policy x 2 policies = \$470
2 x SSS is 2 x \$280 = \$560	2 x SSS is \$280 less \$20 multiple property discount = \$260 per policy x 2 policies = \$520
Total payable is \$1070	Total payable is \$990 (discount totals \$80)

2. Government charges

After we have calculated an amount to cover the risk, GST and any other relevant government charges (such as stamp duty and fire services levy) are applied.

3. Policy options

An additional premium as described below will be charged if any of the following policy options are selected:

Policy option	Sum Insured	Additional Premium
Contents sum insured	\$60,000	Nil
	\$70,000	\$200 + relevant Government charges

	\$80,000	\$300 + relevant Government charges
	\$90,000	\$400 + relevant Government charges
	\$100,000	\$500 + relevant Government charges

Policy option	Weekly rent range	Additional Premium
Weekly rent sum insured	Up to \$1000	Nil
	\$1001 - \$1250	\$100 + relevant Government charges
	\$1251 - \$1500	\$200 + relevant Government charges
	\$1501 - \$1750	\$300 + relevant Government charges
	\$1751 - \$2000	\$400 + relevant Government charges
	\$2001 - \$3000	Depends on our assessment of the risk

How to make a claim

As soon as possible after the event that causes loss, damage or legal liability, you must follow the steps set out in 'Making a claim' on page 62 of the PDS.

Contact Terri Scheer Insurance on 1800 804 016, who will advise you of the claims process and assist you through the next steps.

The amount you pay towards a claim

An excess is the amount you are required to pay in the event of a claim. The amount of any excess that applies will either be set out in the PDS on page 65 or shown on your Policy Schedule.

Depending on the circumstances, you might have to pay more than one type of excess when you make a claim. You must pay the excess in full (if we ask for it) before we pay the claim.

We will decide whether you pay the excess to us or to a repairer or supplier. We may also choose to deduct the excess from the amount we pay you or from the amounts we must legally pay another person.

How a claim payment is calculated

When we pay a claim we consider a number of aspects in calculating the amount. These can include the:

- u amount of loss or damage or liability,
- u excess,
- u sum insured,
- u policy limits, and
- u terms and conditions of the policy.

How and when benefits are provided

Benefits are provided following the submission of a claim. After considering the factors in 'How a claim payment is calculated', we will either:

- u pay for repair or replacement of your contents or building,
- u pay the person to whom you are legally liable, or
- u pay you.

Claim payment examples

The examples on the following pages illustrate how a claim payment is calculated and designed to assist you in understanding some of the important benefits in the policy. The examples do not cover all scenarios or all benefits and do not form part of your policy terms and conditions. They should be used as a guide only, as all claim payments will depend on the facts in each case. You should consider all examples as each one explains different benefits and scenarios.

Please note that our examples assume that the policyholder is not registered for GST.

Example 1: Loss of rent - absconding

You have the Landlord Preferred Policy with no optional increase in the loss of rent sum insured. Your tenant, 6 months into their 12 month Lease, breaks their Lease (and absconds from the property). The rent was paid up to three weeks prior to the tenant absconding and, therefore, they owe 3 weeks rent. An additional 5 weeks rent is lost until the date that the property is re-let. The rent is \$200 a week, the bond is \$800 and cleaning costs of \$600 are also owed by the tenant under the terms and conditions of their Lease. For the purpose of this example we have assumed the property is not in Queensland and therefore no rent excess applies.

Rent claimable	\$1600	Under Section 1 – Loss of rent, you are covered for rent that a tenant is liable for when they break their Lease. In this case 8 weeks at \$200 per week is owed.
Less bond credit	- \$200	Under the terms of Section 1, you are required to apply any available bond money to the claimed loss, once any other re-letting expenses that the tenant is liable for, have been paid. \$800 bond less \$600 cleaning costs = \$200 bond credit.
Rent loss incurred by landlord	\$1400	The amount the tenant owes after applying the bond credit is \$1400.
Apply policy limit	\$1200	We apply the 6 week policy limit for an absconding tenant. In this case the limit is 6 weeks at \$200 per week.
Total claim	\$1200	

Example 2: Loss of rent - default by court order plus representation costs.

You have the Landlord Preferred Policy with no optional increase in loss of rent sum insured. Your tenant is on a periodic Lease and is evicted by court order due to non-payment of rent (defaulting tenant). The tenant owes 7 weeks rent in arrears and it takes a further 7 weeks to re-let the property. The weekly rent is \$300, therefore, the loss of rent is \$4200. The bond is \$1200 and non-claimable re-letting expenses are \$1300.

Your Property Manager has also charged you \$300 to attend the court hearing and a further \$300 was incurred for the bailiff/sheriff to evict the tenant.

For the purpose of this example we have assumed the property is in SA - no rent excess applies and the periodic Lease requires the tenant to give 3 weeks' notice.

Rent owed	\$3000	Under Section 1 – Loss of rent, you are covered for rent that a tenant is liable for if they are evicted due to non-payment of rent. Coverage is calculated from the tenant's 'paid to' date until the earlier of the date the property is re-let, the date the tenant's Lease expires or the date the policy limit is reached. Since the Lease is periodic and the notice period under South Australian legislation is 3 weeks (for termination of periodic Leases) this means that the Lease will expire before the property is re-let. In this case the tenant is liable for the 7 weeks rent in arrears, plus the 3 weeks rent owed because a notice was not provided under the terms of the periodic Lease. Therefore, the tenant would owe a total of 10 weeks rent at \$300 per week, which is \$3000.
Less bond credit	- \$0	Under the terms of Section 1, you are required to apply any available bond money to the claimed loss, once any other re-letting expenses the tenant is liable for have been paid. \$1200 bond less \$1300 expenses = Nil bond credit. Note you are unable to claim re-letting expenses that exceed the bond amount unless they relate to an insured event.

Rent loss incurred by landlord	\$3000	The amount the tenant owes after applying the bond credit is \$3000. This is within the 15 week limit applicable to claims for Defaulting tenant (by Court order), so no further reduction applies to the rent claim.
Plus Representation costs	\$500	Section 1 of the policy provides \$500 cover for any one period of insurance for costs you incur from your Property Manager to represent you in court for the purpose of obtaining an order against the tenant. A \$300 sub limit also applies for bailiff/sheriff fees. Total costs incurred in this case are \$600, so the policy limit of \$500 would be applied.
Total Claim	\$3500	

Example 3: Accidental damage - contents

You have the Landlord Preferred Policy with no optional increase in the contents sum insured. After your tenant vacates, you complete a final inspection and find there are numerous stains on the carpet caused by numerous events over the course of the Lease. There are 5 carpeted areas in the property and we agree that 4 of them have sustained accidental damage by the tenant. The tenant owes no rent and you have established their bond has already been spent on other non-claimable expenses – therefore there is no bond to apply to the carpet claim. The quote you provide is for \$2340 to replace all 5 areas of carpet and is itemised as follows:-

- u Lounge - \$800
- u Bedroom 1 - \$500
- u Bedroom 2 - \$500
- u Bedroom 3 - \$240
- u Bedroom 4 - \$300 (undamaged)

For the purpose of this example the property is in NSW and we will assume that the accidental damage excess is \$250.

Lounge carpet	\$550	Section 2 of the policy provides accidental damage cover to your contents subject to an excess per event. Under the terms of the policy, where the carpet is damaged by more than one event we will treat the damage to the carpet of one room as 'one event'. In this example the accidental damage was caused by numerous events and so we will apply an excess for the carpet of each room. We have accepted that the lounge carpet damage was accidental and that the quote of \$800 is reasonable. We apply the excess of \$250 and would pay \$550.
Plus Bedroom 1 carpet	\$250	Section 2 of the policy provides accidental damage cover to your contents subject to an excess per event. We have accepted the Bedroom 1 carpet damage was accidental and that the quote of \$500 is reasonable. We apply the excess of \$250 and would pay \$250.

Plus Bedroom 2 carpet	\$500	Section 2 of the policy provides accidental damage cover to your contents subject to an excess per event. We have accepted the Bedroom 2 carpet damage was accidental and that the quote of \$500 is reasonable. Because the policy caps the number of accidental damage excesses to 2 per claim, we will pay for this room of carpet without applying a further excess.
Plus Bedroom 3 carpet	\$0	Section 2 of the policy provides accidental damage cover to your contents subject to an excess per event. We have accepted the Bedroom 3 carpet damage was accidental and that the quote of \$240 is reasonable. Because the quote falls below the policy excess of \$250, we are unable to include this room of carpet in the claim. It's important to note that the capping of accidental damage excesses only applies to events whose cost exceeds the applicable accidental damage excess.
Plus Bedroom 4 carpet	\$0	The conditions relating to carpet replacement in Section 2, state that we will only pay for the materials in the room or functional area where loss or damage occurs. Therefore we would not pay to replace the undamaged carpet in this room.
Total Claim	\$1300	

Example 4: Malicious and deliberate damage

You have the Landlord Preferred Policy with no optional increase in sums insured. You have evicted a tenant by court order due to non-payment of rent. The tenant vacates owing 6 weeks rent and has damaged the property to the extent that it is untenable. A Claims assessor appointed by us has inspected the damage and reports that the property has sustained the following tenant damage:

- u 4 doors have been kicked in - \$1200 to repair,
- u 6 walls had punch holes - \$900 to repair,
- u the glass in 2 windows have been smashed - \$500 to replace,
- u 3 walls had numerous picture hooks installed without the landlord's permission - \$800 to patch and paint, and
- u cleaning and rubbish removal - \$1500.

The weekly rent was \$300 and a bond of \$1200 is held. The repairs take 3 weeks to complete and a new tenant moves in 3 weeks after that. For the purpose of this example the property is in Victoria and we will assume the excess for both malicious and deliberate damage is \$250.

Malicious damage	\$2600	Section 3 'Building' provides malicious damage cover to your building if caused by the tenant. We agree that the doors, windows and punched walls are malicious damage and therefore the total repair cost is \$1200 plus \$900 plus \$500 which equals \$2600.
Less excess	-\$250	The excess for malicious damage is applied per claim, so costs for all malicious damage events submitted as one claim have one excess.
Subtotal (1)	\$2350	Amount payable after the excess has been applied.
Plus Deliberate damage	\$800	Section 3 'Building' also provides cover for deliberate damage where there was no malice or spite involved. The tenant has installed picture hooks without permission and whilst this act was not motivated by malice or spite, it was still a deliberate act which the tenant knew would damage the wall.

Less excess	-\$250	The excess for deliberate damage is applied per claim giving a total of \$550.
Apply policy limit	\$500	We then apply the \$500 policy limit for deliberate damage.
Subtotal (2)	\$2850	Sub-total (1) \$2350 plus deliberate damage \$500.
Plus Loss of rent (arrears)	\$1800	6 weeks rent in arrears at \$300 per week. Section 1 of the policy provides rent cover for up to 15 weeks where a defaulting tenant is evicted by court order.
Plus Loss of rent untenable	\$1500	If your property becomes untenable due to an insured event such as malicious damage, we will pay your loss of rent until the property becomes tenable and up to 2 weeks loss of rent whilst a new tenant is obtained. Repairs took 3 weeks (\$900) and we can cover 2 of the 3 weeks it took to re-let the property (\$600). Therefore the total payable is \$1500.
Subtotal (3)	\$6150	Sub-total (2) \$2850 plus loss of rent in arrears \$1800, plus loss of rent whilst untenable \$1500.
Less bond credit	-\$0	Bond held is \$1200 less cleaning/rubbish removal costs \$1500 = nil
Total Claim	\$6150	

The Policy does not cover certain things

The policy provides cover for losses caused by specific events and under certain circumstances. This means that not all losses are claimable. The specific events we insure and don't insure you for, along with the terms and conditions of cover, can be found in the Policy Wording contained in this document.

Duty of Disclosure

You have a legal duty of disclosure to us whenever you apply for, change or renew an insurance policy.

What you must tell us

You have a general duty to disclose to us everything that you know, or could reasonably be expected to know, is relevant to our decision whether to insure you, and if we do, on what terms.

However your duty does not require you to disclose anything:

- u that reduces the risk to be undertaken by us,
- u that is generally well known,
- u that we know, or in the ordinary course of our business, ought to know, or
- u in respect of which we have waived your duty.

Your general duty applies to renewals and changes

Your general duty applies in full when you renew an insurance policy or change an existing policy including when you extend or reinstate it.

Your general duty is limited for new policies

When you apply for a new policy your duty of disclosure applies, but you do not need to disclose something to us unless we specifically ask you about it. However, you must be honest in answering any questions we ask you. You have a legal duty to tell us anything you know, and which a reasonable person in your circumstances would include in answering the questions. We will use the answers in deciding whether to insure you and anyone else to be insured under the policy, and on what terms.

Who needs to tell us

It is important that you understand you are disclosing to us and answering our questions for yourself and anyone else you want to be covered by the policy.

If you do not tell us

If you do not answer our questions honestly or do not properly disclose to us, we may reduce or refuse to pay a claim or may cancel the policy. If you act fraudulently in answering our questions or not disclosing to us, we may refuse to pay a claim or treat the policy as never having existed.

We respect your privacy

Vero Insurance Limited is a member of the Suncorp Group.

The Privacy Act 1988 (Cth) requires us to inform you that:

Purpose of Collection

Personal information is information about an identifiable individual and includes facts or an opinion about you which identifies you or by which your identity can be reasonably determined. The collection of your personal information is essential to enable us to conduct our business of offering and providing you with our range of financial products and services.

We collect personal information for the purposes of:

- u identifying you when you do business with us,
- u establishing your requirements and providing the appropriate product or service,
- u setting up, administering and managing our products and services,
- u assessing and investigating, and if accepted managing a claim made by you under one or more of our products,
- u improving our financial products and services, including training and developing our staff and representatives.

We may be required by Anti-Money Laundering/Counter Terrorism Financing legislation to collect your personal information.

Consequences if personal information is not provided

If we request personal information about you and you do not provide it, we may not be able to provide you with the financial product or service that you request, provide insurance cover, manage or pay any claim under an insurance policy, manage your product or provide any benefits, or provide you with the full range of services we offer.

Disclosure

We use and disclose your personal information for the purposes we collected it.

We may also use and disclose your personal information for a secondary purpose related to the purpose for which we collected it, where you would reasonably expect us to use or disclose your personal information for that secondary purpose. In the case of sensitive information, any secondary purpose, use or disclosure will be directly related to the purpose of collection.

When necessary and in connection with purposes listed above, we may disclose your personal information to and/or collect your personal information from:

- u other companies within the same Group,
- u where required or authorised under our relationship with our joint venture companies,
- u information technology providers, including hardware and software vendors and consultants such as programmers,
- u customer research organisations,
- u intermediaries including a representative acting on your behalf, other Australian Financial Services Licensee or our authorised representatives and our agents,
- u where you are an insured person and not the policy holder, we will disclose to the policy holder,
- u government, law enforcement or statutory bodies,
- u the Financial Ombudsman Service,
- u other insurers, financial institutions, insurance and claims reference agencies, credit agencies, loss assessors, financial or investigative service providers,
- u legal and other professional advisers,
- u hospitals, medical and health professionals,
- u research and development service providers,
- u printers and mail service and delivery providers for the mailing of statements, insurance policy documents and marketing material, and
- u imaging and document management services.

Disclosure overseas

There are also instances where we may have to send your personal information overseas or collect personal information from overseas. These instances include:

- u sending your personal information to companies in the same Group,
- u when you have asked us to do so,
- u when we are authorised or required by law to do so,
- u when we have outsourced a business activity or function to an overseas service provider with whom we have a contractual arrangement, or
- u certain electronic transactions,
- u when it is necessary in order to facilitate a transaction on your behalf.

We will only send your personal information overseas or collect personal information about you from overseas for the purposes in this statement and in compliance with the privacy regime.

Access

You can request access to the personal information we hold about you by contacting us.

In some circumstances, we are able to deny your request for access to personal information. If we deny your request for access, we will tell you why.

If accessing your personal information will take an extended period of time, we will inform you of the likely delay. For more detailed requests for access to personal information, for example, access to information held in archives, a fee may be charged to cover the associated cost of retrieval and supplying this information.

Marketing

We would like to use and disclose your personal information to keep you up to date with the range of products and services available from us and other companies within the same Group. Generally, our companies in the Group will use and disclose your personal information for the Group's marketing purposes.

If you do not want us to use and disclose your personal information for the purpose of marketing products and services to you, you should contact and tell us.

Contact

Please contact us to:

- u change your mind at any time about receiving marketing material,

- u request access to the personal information we hold about you, or
- u obtain more information about our privacy practices by asking for a copy of our Privacy Policy;

You can contact us by sending a letter to

The Privacy Officer
GPO Box 3999
Sydney NSW 2001

Our Privacy Policy can also be found on our website at:

http://www.suncorp.com.au/suncorp/legal/privacy_policy.aspx

The General Insurance Code of Practice

We have adopted the General Insurance Code of Practice which has been developed by the Insurance Council of Australia. The Code is designed to promote good relations and good insurance practice between insurers, intermediaries and consumers.

The Code sets out what we must do when dealing with you. Please phone us if you want more information about the Code.

How we resolve your complaints

Resolving your complaints

If you think we have let you down in any way, or our service is not what you expect (even if through one of our agents or representatives), please tell us so we can help.

You can tell us by phone, in writing or in person. If you tell us in writing it will help if you send us the full details of your complaint together with any supporting document and an explanation of what you want us to do. If you would like to come in to talk to us face to face, please call and we will arrange an appointment for a meeting.

What we will do to resolve your complaint

When you first let us know about your complaint or concern the person trying to resolve your complaint will listen to you, consider the facts and contact you to resolve your complaint as soon as possible, usually within 24 hours.

If you are not satisfied with the person's decision on your complaint, then it will be referred to the relevant Operations Manager, who will contact you within 5 working days. If you are not satisfied with the Operational Manager's decision, then it will be referred to our General Manager (or their delegate). We will send you our final decision within 15 working days from the date you first made your complaint.

What if you are not satisfied with our decision?

We expect our procedures will deal fairly and promptly with your complaint. However, if you are not satisfied with our final decision you can take your complaint to the Financial Ombudsman Service Limited (FOS).

This is an independent body and its services are free to you. We agree to accept the FOS's decision. You can still take legal action if you disagree with the FOS's decision.

You must contact the FOS within 3 months of receiving our final decision. You can phone the FOS from anywhere in Australia on 1300 78 08 08 or write to them at:

Financial Ombudsman Service Limited

GPO Box 3

Melbourne Vic 3001

info@fos.org.au

Cooling off

You have the right to cancel and return the insurance contract within 30 days of the date it was issued to you ('cooling off period'), unless you make a claim under the contract within the cooling off period. If you cancel during this time, we will return the amount you have paid.

To cancel at other times, please see "Cancelling your policy" on page 70 of the PDS.

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Insurer

Vero Insurance Limited, ABN 48 005 297 807, AFS Licence No. 230859, is the insurer and issuer of this policy. References to 'us', 'we' and 'our' in this Policy are to the insurer.

In arranging this insurance policy, Terri Scheer Insurance Pty Ltd ABN 76 070 874 798, AFS Licence No. 218585, will be acting under authority given to them by Vero. They will be acting as agents of Vero, not as your agent.

Our agreement with you

Your Policy consists of this Policy Wording and the Policy Schedule we give you.

The Policy is a legal contract between you and us:

- u you agree to pay us the premium, and
- u we will provide you with the cover you have chosen as set out in the Policy, occurring during the period of insurance shown on your Policy Schedule or any renewal period.

Information you need to tell us

Changing your Policy

If you want to make a change to this Policy, the change becomes effective when we agree to it, and when we give you a new Policy Schedule showing the revised details of the insurance. Any new Policy Schedule we give you will be in writing, and it will be effective if it is delivered:

- u to you personally, or
- u posted to your address last known to us.

Change of circumstances during the period of insurance

You must tell us as soon as possible:

- u if your personal details change, including your name, mailing or insured address,
- u if there is any significant change in condition or change in use of the property,
- u of any changes that increase the risk of a claim being made under this insurance, such as that you are having major renovations undertaken or the property falls into a state of disrepair,
- u if you transfer the management of your property from one licensed real estate agency to another licensed real estate agency during the period of insurance,
- u if your property ceases to be managed by a licensed real estate agent during the period of insurance. The Policy will come to an end at 4.00pm on the third business day following the day your property ceases to be managed by a Property Manager.

When you tell us that your property is no longer managed by a licensed real estate agent, we will refund to you a proportion of the premium based on the remaining period of insurance, less any taxes which are not refundable.

Defined terms

Some key words and terms used in this Policy have a special meaning – these words are shown in *italic* throughout this document. If words and terms are only used in just one Section of the Policy, we will describe their special meaning in that Section. Wherever the following words or terms are used in the Policy, they mean what is set out below:

Above ground pool	A pool that has most of its water volume above the average ground level.
Absconding	The <i>tenant</i> vacating the <i>property</i> without having given the notice required under the <i>lease</i> . It includes a <i>tenant</i> breaching the <i>Lease</i> terms by not satisfying any legal obligations such as payment for <i>re-letting</i> , advertising and rent.
Accidental loss or damage	A sudden or unexpected loss which is caused by persons including <i>your tenant</i> , their family or their guests, but excludes: <ul style="list-style-type: none"> u damage caused over a period of time, u <i>malicious damage</i>, u <i>deliberate damage</i>, u damages otherwise excluded by this policy, u neglect, wear and tear.
Act	The Act of parliament relating to residential tenancies in <i>your</i> state or territory.
Act of Terrorism	An act, including but not limited to the use of force or violence and/or the threat of these, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s) which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.
Bond monies	Those monies paid by the <i>tenant</i> and held as security against damage or outstanding rent.

Building	<i>Building</i> is defined in Section 3: <i>Building</i> of this Policy
Contents	<i>Contents</i> are defined in Section 2: <i>Contents</i> of this Policy.
Deliberate damage	<p>An act carried out without the owner's consent and with the full knowledge that the action will alter the current state of the <i>property</i>, but without any spite, malice or vindictiveness. This does not include:</p> <ul style="list-style-type: none"> u damage caused by the landlord or someone acting under the express consent of the landlord or the landlord's family, u tenant carelessness, neglect, unhygienic living habits or poor housekeeping, u <i>malicious damage</i>, u damaged caused by domestic pets, u scratching, denting or chipping, or u <i>accidental</i> loss or damage.
Excess	The first amount of any claim which <i>you</i> contribute. We will deduct the amount of the <i>excess</i> before the application of the maximum sum insured limits. The <i>excess</i> must be paid by <i>you</i> and is not considered a <i>re-letting expense</i> to be deducted from the bond.
Fixed Term Lease	A contract for a specific time agreed upon at the beginning of the tenancy (e.g. six or twelve months).
Flood	The inundation of normally dry land by water from any watercourse, lake, canal, dam or reservoir.
In-ground swimming pool	A pool which has most of its water volume below the average ground level.
Lease	The contract in place between Landlord and <i>tenant</i> to rent the residential premises in accordance with the <i>Act</i> in <i>your</i> state or territory. This can be either, fixed term, periodical or a continuation of the <i>Lease</i> .
Legal expenses	The <i>expenses</i> incurred by the appointment of a solicitor/lawyer, with our prior approval and for the purpose of minimising the claim.

<p>Malicious damage</p>	<p>Damage committed on the <i>property</i> which is motivated by spite, malice or vindictiveness with the intention of damaging the <i>property</i>. This does not include:</p> <ul style="list-style-type: none"> u damage caused by the landlord or someone acting under the express consent of the landlord or the landlord's family, u tenant carelessness, neglect, unhygienic living habits or poor housekeeping, u <i>deliberate damage</i>, u damage caused by children, u damaged caused by domestic pets, u scratching, denting or chipping, or u damage as a result of repairs or attempted repairs carried out by the <i>tenant</i>.
<p>Maximum amount</p>	<p>The maximum we will pay (inclusive of all <i>legal expenses</i>) for any one occurrence arising from an insured event.</p>
<p>Occurrence</p>	<p>Includes continuous or repeated exposure to substantially the same general conditions. We regard all death, bodily injury or loss of or damage to <i>property</i> arising from one original source or cause as one <i>occurrence</i>.</p>
<p>Open air</p>	<ul style="list-style-type: none"> u in or under any part of the site which is not fully enclosed by walls and a roof, such as a veranda, carport, gazebo or outdoor living area within the land boundaries, u in or on a motor vehicle, motorcycle, trailer or caravan, whether those vehicles are locked or not. <p>“Open air” does not mean in common or shared areas of home units, flats, villas and the like.</p>
<p>Period of insurance</p>	<p>The period shown on the <i>Policy Schedule</i>.</p>
<p>Periodic/ Continuation of Lease</p>	<p>A <i>Lease</i> (written, verbal or implied) for an indefinite period until it is lawfully terminated by either party or by the relevant governing body.</p>

Policy Schedule	The schedule of insurance or any endorsement schedule we give <i>you</i> .
Property	The residential <i>property</i> and its <i>contents</i> owned by <i>you</i> , for use by the <i>tenant</i> , at the <i>situation</i> set out in the <i>Policy Schedule</i> .
Property Manager	The licensed real estate agent or on-site <i>Property Manager</i> shown as the 'managing agent' in the <i>Policy Schedule</i> .
Rainwater	Rain which falls naturally from the sky. It includes rainwater run-off over the surface of the land but not flood.
Re-letting expenses	<i>Re-letting expenses</i> as specified in the current <i>Lease</i> for <i>your property</i> for which the <i>tenant</i> is responsible.
Rent	Rent applying under the <i>Lease</i> at the time of loss or damage.
Rent arrears	Means the <i>tenant's</i> rental payments were in arrears to the extent that a vacate/breach notice on the grounds of a breach of the <i>Lease</i> to pay rent could have been issued in accordance with the <i>Act</i> .
Situation	The address at which the <i>property</i> is located.
Storm	Violent wind, cyclone or tornado which may also include rain, hail or snow.
Storm surge	A rise in the sea level due to the meteorological conditions above the predicted astronomical tide level of a particular day.
Tenant	The person or persons named in the current <i>Lease</i> to rent the <i>property</i> .
Tenant's family	These people if they normally reside in the <i>property</i> - the <i>tenant's</i> spouse (legal or de-facto), or partner, parents, parents- in-law, siblings or siblings of the <i>tenant's</i> spouse, children or the children of the <i>tenant's</i> spouse.
Tenantable	The <i>property</i> could be reasonably and safely re-let in its current condition without adversely affecting the amount of rent being sought.
Tsunami	A sea wave caused by a disturbance of the ocean floor or by seismic movement.
Uninhabited	That in the 90 day period before loss or damage occurred, no person resided in the insured <i>building</i> overnight on at least one occasion.

<p>Untenantable</p>	<p>The <i>Property Manager</i> could not reasonably attempt to re-let the <i>property</i> until loss or damage, either claimable under this Policy or allowable as <i>re-letting expenses</i> using <i>bond monies</i>, has been repaired, replaced or reinstated but does not include periods of elective maintenance or improvement.</p>
<p>Watercraft</p>	<p>Any vessel, machine or object designed to be used on or in water.</p>
<p>You, Your</p>	<p>The person(s), companies or firms named on the current <i>Policy Schedule</i> as the 'Insured'.</p>
<p>Your Family</p>	<p>Any member of <i>your family</i> who lives permanently with <i>you</i>, including <i>your</i> partner.</p>

Section 1: Loss of rent and legal expenses

What you are covered for

If any of the Insured Events listed in this Section 1 occur during the *period of insurance*, we will pay *your* resulting loss of rent on the basis set out under the heading 'Basis on which claims are paid' and subject to the Limits and Conditions applicable to this section and the General terms and conditions and General exclusions applying to this Policy together with the requirements outlined under the heading 'Making a claim'.

Insured Event	Limit
<p>a) Absconding tenant</p> <p>Payable if a <i>tenant</i> vacates with or without notice, breaks their <i>Lease</i>, or vacates at the end of their <i>Lease</i> leaving unpaid rent.</p> <p>Cover will commence from the day following the <i>tenant's</i> rent 'paid to' date, through to whichever of the following events occurs first:</p> <ul style="list-style-type: none">u the <i>property</i> is re-let,u the <i>tenant's</i> <i>Lease</i> expires, oru the Limit is reached. <p>We will not pay more than you would be legally entitled to recover from the <i>tenant</i> due to non compliance with their <i>Lease</i>.</p>	6 weeks loss of rent
<p>b) Defaulting tenant (by court order)</p> <p>Payable if a court/tribunal order, for the termination of the <i>tenant's</i> <i>Lease</i>, on the grounds of <i>rent arrears</i>, has been issued.</p> <p>Cover will commence from the day following the <i>tenant's</i> rent 'paid to' date, through to whichever of the following events occurs first:</p> <ul style="list-style-type: none">u the <i>property</i> is re-let,u the <i>tenant's</i> <i>Lease</i> expires, oru the Limit is reached. <p>We will not pay more than <i>you</i> would be legally entitled to recover from the <i>tenant</i> due to non compliance with their <i>Lease</i>.</p>	15 weeks loss of rent

<p>c) Defaulting Tenant (by termination notice)</p> <p>Payable where a <i>tenant</i> vacates because they were issued a termination notice by <i>your Property Manager</i> on the grounds of <i>rent arrears</i>.</p> <p>Cover will commence from the day following the <i>tenant's</i> rent 'paid to' date, through to whichever of the following events occurs first:</p> <ul style="list-style-type: none"> u the <i>property</i> is re-let, u the <i>tenant's Lease</i> expires, or u the Limit is reached. <p>We will not pay more than <i>you</i> would be legally entitled to recover from the <i>tenant</i> due to non compliance with their <i>Lease</i>.</p>	<p>6 weeks loss of rent</p>
<p>d) Failure to give vacant possession</p> <p>Payable where the <i>tenant</i> has refused to pay rent and has resisted all attempts by <i>you</i> or <i>your Property Manager</i> to gain vacant possession following service of the Court/Bailliff/Tribunal order for possession or eviction.</p> <p>Cover will commence from the day following the <i>tenant's</i> rent 'paid to' date, through to whichever of the following events occurs first:</p> <ul style="list-style-type: none"> u the <i>property</i> is re-let, u the <i>tenant's Lease</i> expires, or u the Limit is reached. <p>We will not pay more than <i>you</i> would be legally entitled to recover from the <i>tenant</i> due to non compliance with their <i>Lease</i>.</p>	<p>28 weeks loss of rent</p>
<p>e) Death of tenant</p> <p>Payable in the event of the death of the <i>tenant</i>, if they were the sole person listed on the <i>Lease</i>.</p> <p>Claims will be calculated from the day after the date that the <i>tenant</i> was paid up to, through until whichever of the following events occurs first:</p> <ul style="list-style-type: none"> u the <i>property</i> is re-let, or u the Limit is reached. 	<p>15 weeks loss of rent</p>
<p>f) Hardship</p> <p>Payable if a court awards the <i>tenant</i> a release from their <i>Lease</i> obligations, over and above the bond, due to hardship.</p>	<p>4 weeks loss of rent</p>

<p>Cover will commence from the day following the <i>tenant's</i> rent 'paid to' date, through to whichever of the following events occurs first:</p> <ul style="list-style-type: none"> u the <i>property</i> is re-let, u the <i>tenant's Lease</i> expires, or u the Limit is reached. <p>We will not pay more than <i>you</i> would be legally entitled to recover from the <i>tenant</i> due to non compliance with their <i>Lease</i>.</p>	
<p>g) Untenantable (building)</p> <p>Payable where <i>your property</i> becomes <i>untenantable</i> for a minimum period of 7 days due to:</p> <ul style="list-style-type: none"> u damage to the <i>building</i> by <i>your tenant</i> covered by the Insured Event of '<i>malicious damage</i>' in Section 2 or 3 of this Policy, and/or u murder or suicide, or attempted murder or suicide at the <i>property</i>. <p>Cover will commence from the date the <i>property</i> became <i>untenantable</i> until whichever of the following events occurs first:</p> <ul style="list-style-type: none"> u the date two weeks after the <i>property</i> becomes <i>tenantable</i> again, plus an additional two weeks from this date if you have attempted to <i>re-let</i> the <i>property</i> but have been unable to, u the date you <i>re-let</i> the <i>property</i>, or u the Limit is reached. 	<p>52 weeks loss of rent</p>
<p>h) Untenantable (contents)</p> <p>Payable where <i>your property</i> becomes <i>untenantable</i> for a minimum period of 7 days due to:</p> <ul style="list-style-type: none"> u <i>your contents</i> only being damaged by an Insured Event listed in Section 2 of the Policy. <p>Cover will commence from the date the <i>property</i> became <i>untenantable</i> until whichever of the following events occurs first:</p> <ul style="list-style-type: none"> u the <i>property</i> becomes <i>tenantable</i>, u the <i>property</i> is re-let, or u the Limit is reached. 	<p>6 weeks loss of rent</p>

<p>i) Prevention of access</p> <p>Payable when <i>your tenant</i> does not have access to <i>your property</i>, as a result of damage to it, or other <i>property</i> in its immediate vicinity caused by an Insured Event listed in Section 2 of this Policy.</p> <p>Cover will commence from the date access was prevented until whichever of the following events occurs first:</p> <ul style="list-style-type: none"> u when access was restored, or u the Limit is reached. 	<p>52 weeks loss of rent</p>
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Additional benefits

Your legal expenses

If we have accepted a claim under an Insured Event under Section 1 of this Policy, we will also pay for *legal expenses* up to \$5,000 for each claim for *legal expenses*, provided they have been incurred with our prior written approval, and are for the purpose of reducing *your* claim under Section 1 of this Policy or filing a legal defence while the claim is being investigated.

Replacement of locks

If we have accepted a claim under an Insured Event under Section 1 of this Policy we will also pay up to \$250 per claim for the costs *you* incur (over and above the bond amount), to replace locks at the *property* following the eviction of a *tenant*. This benefit will only apply where the replacement of locks was ordered by a Statutory Authority such as a bailiff, sheriff or the police.

Representation costs

If we have accepted a claim for an Insured Event under Section 1 of this Policy, we will pay up to \$500 during any one *period of insurance* for the costs *you* incur as a result of *your Property Manager*:

- u representing *you* in court or a tribunal for the purpose of obtaining a court order against the *tenant*. This benefit only applies where the liability for this expense is specifically expressed in the Managing Agent Agreement between the landlord and the *Property Manager*, and/or
- u engaging a bailiff/sheriff for the purpose of evicting *your tenant* – this benefit has a sub limit of \$300 per claim.

However, we will not pay costs incurred or charged by the *Property Manager* on *your* behalf, such as:

- X court or tribunal filing fees,
- X lodgement or application fees, or
- X preparing an insurance claim.

Section 1 - Conditions

A claim under 'Section 1- Loss of rent and legal expenses' may be refused or reduced if the following terms and conditions have not been met or followed.

Rent is in arrears at commencement of policy

If the *tenant's* rent payments were in arrears in the 2 months prior to the commencement of the policy, then rent cover is not available unless the 'rent arrears' clause has been met – refer to 'General terms and conditions' on page 69 for this clause.

Date of loss falls before commencement of policy

We are unable to cover loss of rent, where the loss started before the commencement of the initial *period of insurance*. The loss is deemed to have started from the day after the 'paid to' date of the *tenant*.

For example, if the *tenant* is paid to the 10th January in a year, the date of loss is the 11th January in that year.

Breach notices are not issued

We may reduce or refuse *your* rent arrears claim if *you* or *your Property Manager*.

- u fails to issue or delays issuing rent arrears and termination notices to the *tenant*, or
- u fails to pursue or delays pursuing a court or tribunal order for the eviction of the *tenant* following the expiry of the breach or termination notice.

The above processes should be followed in accordance with the Tenancy Act in the State or Territory in which *your property* is located.

Failure to repair and re-let

You or *your Property Manager* must demonstrate that all reasonable steps have been taken to repair and re-let the *property* as soon as possible after the departure of the *tenant* or damage is discovered. If *you* fail to do so, we will commence the loss of rent claim from the point in time that it would have been reasonable to have repaired any damage and attempted to re-let the *property*.

Delaying repairs

If *you* cause unreasonable delays in commencing or carrying out any repair or rebuilding work, we will reduce the rental income benefit to take into account any loss of rent that results from *your* delay.

Market conditions

This Policy does not cover *your* inability to rent the premises due to adverse market conditions. This means that if none of the Insured Events covered by Section 1 has occurred and the conditions of the rental market dictate that a vacancy period will be sustained between tenancies, the Policy will not cover that loss.

Alternate accommodation

Section 1 does not provide cover for alternate accommodation costs for the *tenant* as a result of the *property* becoming *untenantable* for any reason.

Vacant at time of loss

Cover under Insured Events g) *untenantable (building)*, h) *untenantable (contents)* and i) prevention of access of this Policy Section 1, will only apply when:

- u the *property* was tenanted immediately prior to, or at the time of it becoming *untenantable* or when access was prevented, or
- u *you* can demonstrate that the *property* would have been tenanted had the loss not occurred.

Basis on which claims are paid

Weekly rent

The maximum weekly loss of rent that is recoverable under this policy is \$1,000 or the weekly amount shown for rent on *your Policy Schedule*, whichever is greater.

How we calculate what we will pay

Loss of rent is calculated at the weekly rent of the *tenant* in accordance with their current *Lease*, times by the number of week's loss of rent that *you* are entitled to under this policy.

This amount is then reduced by:

- u any bond monies left over after subtracting allowable *re-letting expenses**, and
- u any applicable rent *excess* shown on *your Policy Schedule*.

The resultant amount, if it exceeds the policy limit that applies to the event, is then reduced to that policy limit.

*Allowable *re-letting expenses* are those costs that the *tenant* can be held liable for under their *Lease* and the relevant Tenancy Act. Costs of this nature that exceed the bond amount are not claimable under this policy. They include but are not limited to:

- u general/carpet cleaning, rubbish removal, water usage, letting fees, advertising and minor repairs, the cost of which is not covered by this or any other insurance as a result of a policy *excess*.

If *your property* is situated in Queensland, *you* are not required to apply any of the bond money to a claim under Section 1 of this Policy, however there will be an *excess* payable for *tenant* claims under the Insured Events a), b), c) and d) of this Section. We deduct the amount of the *excess* from *your* claim.

Claims for more than one Insured Event

Where a claim is possible under more than one of the Insured Events of this Section, *you* may only claim under one of those Insured Events.

Section 2: Contents

What are 'Contents'?

Contents include any of the items listed below which are owned by *you* (or which *you* are legally responsible for), which are listed in the most recent inventory/property condition report and which have been left at the *property* for the *tenant* to use:

- u portable household goods and electrical appliances,
- u household furniture, furnishings and light fittings (not hardwired to the *building*),
- u curtains or internal blinds,
- u manchester and linen,
- u carpets and floor rugs,
- u above ground pools or spas (including their fixed accessories).

Strata Titled Buildings

For Strata titled buildings '*contents*' also means: temporary wall, floor and ceiling covers and any fixture or structural improvement servicing a particular lot which the body corporate or similar is not required by law to insure.

'Contents' are not

Contents do not include any of the following items:

- ✗ anything included in the definition of '*Building*' in Section 3 of this Policy,
- ✗ computers, computer tapes, or disks,
- ✗ cameras and photographic equipment,
- ✗ electronic data and images on films, negatives or photographs, memory cards, hard drives, video tapes, compact disks and DVD's,
- ✗ tools of trade, commercial or retail stock,
- ✗ pets, animals, birds, reptiles or insects,

- ✘ plants, hedges, trees or shrubs, except those in pots or tubs,
- ✘ grass, lawn or artificial turf,
- ✘ soil or bark (mulch), gravel, stones, shale or clay on or in paths, gardens, driveways or tennis courts,
- ✘ any *property* which is illegally in *your* possession,
- ✘ clothing, jewellery, furs, watches or other personal effects,
- ✘ cash, coins, transaction cards or any other negotiable instruments,
- ✘ unset precious stones,
- ✘ antiques (except antique furniture),
- ✘ gold or silver objects or materials made of, covered by or containing gold or silver,
- ✘ sporting goods or equipment,
- ✘ stamps, coins or medals,
- ✘ wills, share certificates, manuscripts, plans and documents of any kind,
- ✘ pictures or works of art valued at more than \$200 each item,
- ✘ hand woven rugs or hand woven carpets,
- ✘ watercraft, bicycles, vehicles of any type (including, wheel chairs, motor vehicles, trailers, caravans, motorised toys, motor cycles, all-terrain vehicles), aircraft, or *contents* stored in any of these,
- ✘ accessories or spare parts of watercraft, bicycles, vehicles of any type (including wheel chairs, motor vehicles, trailers, caravans, motorised toys, motor cycles, all-terrain vehicles) or aircraft,
- ✘ *property* whilst in storage at the insured *property* or stored elsewhere in Australia, and
- ✘ goods contained within the *property* which are owned by *you* but not intended by *you*, to be used by the *tenant*.

What we do and do not cover (Contents)

If any of the Insured Events listed in this Section 2 occur during the *period of insurance*, we will pay for resulting loss or damage to *your Contents* on the basis set out under the heading 'Basis on which claims are paid' and subject to the Limits, Conditions and Exclusions applicable to this section and the General terms and conditions and General exclusions applying to this Policy together with the requirements outlined under the heading 'Making a claim'.

Insured Events	
a)	Accidental loss or damage.
b)	Fire or explosion.
c)	Lightning including power surge caused by lightning striking power supplies away from the <i>property</i> , but only when <i>you</i> can show us reasonable meteorological evidence that lightning was the most likely cause of the power surge.
d)	Earthquake X But not tidal wave or tsunami.
e)	Riot or civil commotion.
f)	Malicious damage caused by: <ul style="list-style-type: none"> u <i>your tenant</i>, u <i>your tenant's</i> family, u <i>your tenant's</i> invited guests, or u an unknown person e.g. a burglar
g)	Deliberate damage caused by: <ul style="list-style-type: none"> u <i>your tenant</i>, u <i>your tenant's</i> family, u <i>your tenant's</i> invited guests, or u an unknown person e.g. a burglar
h)	Theft or damage due to theft caused by: <ul style="list-style-type: none"> u <i>your tenant</i>, u <i>your tenant's</i> family, u <i>your tenant's</i> invited guests, or u an unknown person e.g. a burglar.

- i) Water damage** due to the accidental escape of liquid from any:
- u rainwater pipes, roof guttering and drains,
 - u water main or pipe,
 - u water tanks, aquariums and hot water systems,
 - u roads, pathways, gutters,
 - u washing machine or dishwasher, and
 - u other parts of the *property* designed to contain or carry liquid such as sinks, basins, baths and cisterns.

We will not provide cover for:

- ✗ loss or damage caused by the gradual escape of liquid over a period of time,
- ✗ loss or damage caused by the porous condition of any tiles, grout or sealant,
- ✗ loss or damage due to a leaking shower base which has not been fitted with a tray or water proof membrane, or
- ✗ the cost to locate or repair the defective part or item that causes the loss or damage.

- j) Oil leakage** from any heater.

- k) Glass breakage** in free standing furniture such as table tops, dressing table mirrors and wall units but excluding glass:

- ✗ in clocks, pictures, radios, television sets or visual display units (e.g. computer monitors),
- ✗ that was damaged or that had imperfections before the breakage, or
- ✗ that is only chipped or scratched or which arises from any imperfections in the glass.

- l) Impact by:**

- u motor vehicles or water craft,
- u aircraft, space debris or satellites,
- u falling trees and branches, or
- u TV antennae, satellite dishes or radio masts.

We will not pay for:

- ✗ damage caused by tree lopping or felling carried out by *you* or at *your* request, or
- ✗ removal of the fallen tree or branch unless it is required to allow repairs to be carried out.

m) *Storm or rainwater*, but there is no cover for loss or damage:

- ✘ caused by flood,
- ✘ caused by wind, rainwater, hail or snow penetrating into *your building*, unless it enters as a result of structural damage made by the storm,
- ✘ caused by wind, rainwater, hail or snow penetrating into *your building* as a result of faulty design of *your building* or faulty workmanship in its construction,
- ✘ caused by wind, rainwater, hail or snow penetrating into *your building* as a result of structural alterations, additions, renovations or repairs,
- ✘ caused by the action of the sea, high water, high tide, storm surge, tidal wave or tsunami,
- ✘ due to erosion, subsidence, landslide, mudslide, expansion or contraction of the earth, any other earth movement or underground water,
- ✘ due to rust, corrosion, wear, tear or gradual deterioration,
- ✘ to swimming pool or spa covers or liners,
- ✘ resulting from *your* failure, or failure by *your Property Manager*, to maintain the *property* in a good state of repair or failure to fix damage or deterioration,
- ✘ due to a defect that *you* or *your Property Manager* were aware of or should reasonably have been aware of.

Under no circumstances will we pay the cost of rectifying the defect itself.

n) Electric motor burnout.

We will pay up to \$2000 for the cost to repair or replace any motor in a household electrical machine or appliance, but only if:

- u the electrical machine or appliance forms part of *your contents* and,
- u the motor is burnt out by electric current, and
- u the motor is burnt out at the *property*.

We will not pay for:

- ✗ costs to replace fuses or protective devices, contact switches or relays, lighting or heating elements, starter switches, other parts where sparking or arcing occurs during their ordinary use,
- ✗ damage to mechanical parts of any description,
- ✗ the hiring of a replacement appliance or machine,
- ✗ any electrical appliance or component which is not an electric motor,
- ✗ mechanical parts which do not carry an electric current such as a pump,
- ✗ loss of or damage to computer software or data stored on a computer,
- ✗ lighting or heating elements, fuses or switches of any kind,
- ✗ damage to swimming pools, spas or their water as a result of fusion, or
- ✗ any amount recoverable under a manufacturer's guarantee or warranty.

However, *you* must contribute towards the cost of replacement parts where the age of the motor is more than 5 years. The contribution will be 7% of the cost of the replacement parts for each complete year of age from new.

For example: If the motor is 6 years old, we will depreciate it by 42% (6 years x 7%), meaning that if the cost of replacement parts is \$1000, we will deduct \$420 depreciation.

Contents in the 'open air'

We will not cover loss or damage to *contents* in the open air, unless the loss or damage results from Insured Events (f) '*malicious damage*', or (h) 'theft' under 'What we do and do not cover (*Contents*)'. We will not pay more than \$1500 for each claim for *contents* in the open air.

Basis on which claims are paid

Limit of Amount Payable

The maximum combined amount we will pay under Section 2: 'Contents', and Section 3: 'Building', during any one *period of insurance* is \$60,000 or the sum insured shown in the *Policy Schedule*.

Deliberate damage is limited to \$500 per claim.

How we calculate what we will pay

After considering the terms and conditions of the policy we will determine the amount of loss or damage that is covered. This will be reduced by:

- u any available bond money from the *tenant**, then
- u by any applicable *excess* (s)**.

We will then apply the policy limit (if applicable) to *your* claim and pay *you* the remaining amount. We will not pay more than the sum insured shown on *your Policy Schedule*.

*When *your contents* are damaged by the *tenant* you must use their bond for *re-letting expenses* and rental arrears and then apply any balance to reduce the loss or damage being claimed. We will not pay for loss of or damage to *contents* items that could have, but were not, deducted from the bond prior to making a refund of bond money to the *tenant*.

**Refer to section 'Making a claim' for *excess* values and how they are applied.

Repairing and replacing contents

When an Insured Event causes loss or damage to *your contents* during the *period of insurance*, and we accept *your* claim, we will decide which of the following actions we will take.

- u **Repair** - if an item can be economically repaired we will pay the reasonable cost of repairing it with new materials.
- u **Replace** – unless otherwise stated, we will replace any items which are less than 20 years old with a new one at 'replacement value' if it cannot be economically repaired. For items that are over 20 years old, we will pay *you* the 'indemnity value'.
- u **When you do not want a replacement item or repairs** – if *you* do not want us to replace an item or to repair it and want cash instead, we will pay *you* the 'indemnity value' or the cost of repairs (if repairs are possible) or the *contents* sum insured, whichever is less.

- u **When the item cannot be replaced** – if we agree that an item cannot be replaced then we will pay the lesser of the *contents* sum insured or the retail value of the item at the time of the loss or damage.
- u **Pay *you* the amount to repair or replace** – if we decide to pay the cost of repairing or replacing *your contents* then we will pay the lesser of the *contents* sum insured or:
 - the retail value of the item at the time of the loss or damage, if it cannot be repaired, or
 - the repair cost, if repairs are possible.
- u **Pairs and sets** – if the item for which *you* are claiming forms a part of a pair, set or collection, we only pay the reasonable costs of replacing or repairing that item. We do not pay for any special value the item may have as part of the pair, set or collection.

If we decide to repair or replace *your contents* we will make reasonable endeavours to match existing materials or *contents*.

We will not pay to replace any undamaged item or materials, unless otherwise specified under Section 2 'What we will pay'.

Indemnity value for the purposes of this section means the new replacement cost, less an allowance for age, wear, tear and depreciation, at the time of the loss or damage.

Replacement value for the purposes of this section means the new replacement cost of new items or materials with the same (or, if the same is not available, substantially the same) specifications from outlets within Australia, at the time the claim is made.

Carpets

- u We will only pay for repair or replacement of carpet in the room where damage occurs – this could include carpet within that room which is undamaged. However, we will not pay to repair/replace undamaged carpet in other rooms to achieve a match with the carpet we have repaired/replaced.
- u Whilst we will try to match carpet with the original materials, if this is not possible, we reserve the right to use nearest equivalent or similar materials.
- u Where the carpet in one room has *accidental* damage caused by:
 - one event, we will apply one *excess* to the claim,
 - more than one event, we will treat the damage to the carpet in that room as 'one event' and apply one *excess* to the claim.

- u Where the carpet in more than one room has *accidental* damage caused by:
 - one event, we will apply one *excess* to the claim,
 - more than one event, we will apply one *excess* for each room with damaged carpet.

Curtains

We will only pay for repair or replacement of damaged curtains in the room where damage occurs.

Furniture coverings

If the covering of an item of furniture cannot be repaired or replaced (or repairs have been unsuccessful) we will pay *you*.

- u the replacement cost of the furniture For furniture that is more than 10 years old, we will pay *you* the indemnity value, and
- u for any unsuccessful repairs,

less any applicable *excess*.

If the covering of an item of furniture cannot successfully be repaired or replaced and it forms part of a set (or suite), we will treat the entire set as a total loss. If we do this, the set becomes our *property*.

Manchester and linen

We will pay *you* the indemnity value of manchester and linen, less any applicable *excess*.

Section 3: Building (limited cover)

What is 'Building'?

Building means the *property* owned by *you* at the address shown in the *Policy Schedule*, used principally and primarily as a residential *building*, and includes:

- u domestic fixtures and fittings i.e. built in air conditioners and heaters, plumbed-in dishwashers, garbage disposal systems, cook tops, built-in cabinetry, doors, walls, windows (and glass), tap ware, hot water systems and shower screens,
- u structural domestic improvements such as paths, driveways, garden borders, *your* proportion of fencing, gates, retaining walls, in-ground swimming pools and spas (including attachments which fit into their filter systems),
- u awnings, pergolas, TV antennae, satellite dishes and letter boxes,
- u fixed floor coverings such as linoleum, floor tiles and parquetry, but not carpets,
- u fixed light fittings which are hardwired to the *building*,
- u tennis courts,
- u inclinators, and
- u underground services such as plumbing, sewerage, water and electrical which are located on *your property*.

'Building' is not

Building does not include:

- ✗ common *property* if the *building* is part of a strata title or any *property* that is insured by the body corporate, whether or not that *property* is contained within *your* unit or lot and whether or not any *excess* applies to the strata title insurance,
- ✗ carpets or carpet underlay (these are insured under *contents*),
- ✗ grass, lawn, artificial turf, plants, hedges, trees or shrubs,
- ✗ soil or bark (mulch) in gardens,
- ✗ above-ground swimming pools,

- ✗ *contents* as defined in Section 2 of this Policy,
- ✗ any jetty or other marine structure,
- ✗ caravans trailers or vehicles of any kind, or
- ✗ gravel, stones, shale, or soil on paths, driveways or tennis courts.

What we do cover (building)

If any of the Insured Events listed in this Section occur during the *period of insurance*, we will pay for resulting loss or damage to *your Building* on the basis set out under the heading 'Basis on which claims are paid' and subject to the Limits, Conditions and Exclusions applicable to this Section and the General terms and conditions and General exclusions applying to this Policy together with the requirements outlined under the heading 'Making a claim'.

Insured Events	
a)	<p>Malicious damage caused by:</p> <ul style="list-style-type: none"> u <i>your tenant</i>, u <i>your tenant's</i> family, or u <i>your tenant's</i> invited guests.
b)	<p>Deliberate damage caused by:</p> <ul style="list-style-type: none"> u <i>your tenant</i>, u <i>your tenant's</i> family, or u <i>your tenant's</i> invited guests.
c)	<p>Accidental loss or damage caused by:</p> <ul style="list-style-type: none"> u <i>your tenant</i>, u <i>your tenant's</i> family, or u <i>your tenant's</i> invited guests, <p>but only to the extent that it is not also directly or indirectly caused by a specified event that is excluded below.</p>
d)	<p>Theft or damage due to theft caused by:</p> <ul style="list-style-type: none"> u <i>your tenant</i>, u <i>your tenant's</i> family, or u <i>your tenant's</i> invited guests, <p>but only to the extent that it is not also directly or indirectly caused by a specified event that is excluded below.</p>

What we do not cover

The *building* is not covered against loss or damage caused by the following events:

X	theft, <i>malicious, deliberate</i> or <i>accidental</i> damage caused by any person, other than <i>your tenant, your tenant's family, or your tenant's invited guests,</i>
X	fire or explosion,
X	lightning strike,
X	earthquake,
X	riot or civil commotion,
X	water damage due to the <i>accidental</i> escape of liquid from any: <ul style="list-style-type: none"> • <i>rainwater</i> pipes, roof guttering and drains, • water main or pipe, • water tanks, aquariums and hot water systems, • roads, pathways, gutters, • washing machine or dishwasher, and • other parts of the <i>property</i> designed to contain or carry liquid such as sinks, basins, baths and cisterns,
X	oil leakage from any heater,
X	<i>accidental</i> breakage of fixed glass, shower base, basin, sink, bath, lavatory pan or cistern,
X	impact by: <ul style="list-style-type: none"> • motor vehicles or <i>watercraft,</i> • aircraft, space debris or satellites, • falling trees and branches, and • TV antennae, satellite dishes or radio masts,
X	<i>storm, rainwater</i> or flood,
X	action of the sea, high water, high tide, <i>storm surge,</i> tidal wave or <i>tsunami,</i>
X	erosion, subsidence, landslide, mudslide, expansion or contraction of the earth, any other earth movement or underground water,
X	wind, <i>rainwater,</i> hail or snow penetrating into <i>your building</i> as a result of faulty design of <i>your building</i> or faulty workmanship in its construction, or
X	rust, corrosion, wear, tear or gradual deterioration.

Basis on which claims are paid

Limit of amount payable

The maximum combined amount we will pay under Section 2: *Contents* and Section 3: '*Building*', during any one *period of insurance* is \$60,000 or the sum insured shown in the *Policy Schedule*.

Deliberate damage is limited to \$500 for each claim.

How we calculate what we will pay

After considering the terms and conditions of the Policy we will determine the amount of loss or damage that is covered. This will be reduced by:

- u any available bond money from the *tenant**, then
- u by any applicable *excess (s)***.

We will then apply the Policy limit (if applicable) to *your* claim and pay *you* the remaining amount. We will not pay more than the sum insured shown on *your Policy Schedule*.

*When *your building* is damaged by the *tenant* *you* must use their bond for *re-letting expenses* and rental arrears and then apply any balance to reduce the loss or damage being claimed. We will not pay for loss of or damage to *building* items that could have, but were not, deducted from the bond prior to making a refund of bond money to the *tenant*.

**Refer to section 'Making a claim' for *excess* values and how they are applied.

Repairing and replacing your building

When an insured event causes loss or damage to *your building* during the *period of insurance*, and we accept *your* claim, we will decide which of the following actions we will take.

- u **Repair** – if we establish *your building* can be repaired, then we will repair it using new materials.
- u **Replace** – if we establish that *your building* needs to be replaced, then we will replace it using new materials.
- u **Pay *you* the amount to repair or replace** - if we decide to pay the cost of repairing or replacing *your building* then we will pay the lesser of the *building* sum insured, the retail value of the *building* fixture (if applicable) at the time of the loss or damage or the repair cost (if repairs are possible), whichever is less.

- u **When *you* do not want to replace or repair *your building***
– if *you* do not want us to replace or repair *your building* and want cash instead, we will pay *you* the ‘indemnity value’ of the *building*, the *building* sum insured or the repair cost (if repairs are possible), whichever is the lesser.

When we pay to restore or rebuild *your building* we will make reasonable endeavours to match existing materials.

Unless specified otherwise, we will assess *your* claim on the basis of the replacement value of the *building*.

Replacement value for the purposes of this section means the reasonable and necessary cost of rebuilding, replacing or repairing the *building* (at the time of the loss or damage), to a condition which is equivalent to, but not more extensive than when it was new.

Indemnity value for the purposes of this section means the replacement cost, less an allowance for the age, wear and tear and depreciation of *your building* at the time of the loss or damage.

If *you* cause unreasonable delays in commencing or carrying out the rebuilding work, *you* must pay any extra costs that result from *your* delay.

Section 4: Liability to others

What we do cover

This section insures *your* legal liability as the landlord and owner of the *property* in respect of an occurrence happening during the *period of insurance* at the *situation* which *you* did not expect or intend to happen and which causes:

- u death or bodily injury to other people, or
- u damage to other people's *property*,

subject to the General terms and conditions and General exclusions applying to this Policy together with the requirements outlined under the heading 'Making a claim'.

The maximum amount we will pay for any claim or series of claims arising out of any occurrence is \$20,000,000.

The maximum amount includes all legal *expenses*:

- u incurred by us,
- u incurred by *you* with our prior written consent, and
- u which are recoverable from *you* by a claimant when our lawyer is acting on *your* behalf.

What we do not cover

We will not indemnify *you* for any claim:

X	in respect of death or bodily injury to <i>you</i> or <i>your family</i> ,
X	in respect of damage to <i>property</i> : <ul style="list-style-type: none">• owned by <i>you</i>, or anyone employed by <i>you</i>, or• not owned by <i>you</i> but in <i>your</i> custody care and control,
X	for any liability to pay benefits under any domestic workers compensation or accident compensation legislation,
X	for death of or bodily injury to anyone employed by <i>you</i> or someone who lives with <i>you</i> if the death or injury arises out of their employment,

X	arising under the terms of any agreement unless liability would have attached to <i>you</i> in the absence of such agreement,
X	<p>caused by the ownership possession or use of any:</p> <ul style="list-style-type: none"> • motorised or mechanically propelled vehicle or motor cycle, • trailer or caravan, • aircraft, aerial device or <i>watercraft</i>, or • any vehicle or craft that is required by law to be insured under a compulsory third party insurance policy or scheme at the time of any <i>occurrence</i>. <p>However, this exclusion will not apply to any motorised garden appliance that is not required by law to be insured under a compulsory third party insurance policy or scheme at the time of any <i>occurrence</i>,</p>
X	in connection with <i>your</i> trade, profession or employment other than as landlord and owner of the <i>property</i> ,
X	arising out of alterations, renovations or <i>building works</i> at the <i>property</i> , where the cost of <i>building</i> or contract works, including labour and materials, exceeds \$50,000,
X	arising out of any <i>deliberate</i> or intentional act by <i>you</i> or someone acting with <i>your</i> consent,
X	arising out of any unlawful or criminal act,
X	arising out of pregnancy or the transmission or spread of any infectious disease or virus,
X	for any fine, penalty, punitive, exemplary, aggravated or multiple damages,
X	arising from demolition, vibration or interference with support of land, buildings or other <i>property</i> ,
X	arising out of the discharge, dispersal, release or escape of smoke, vapours, soot, fumes, acid, alkalis, toxic chemicals, liquid or gases, waste materials or other irritants, contaminants, or pollutants into or upon land, the atmosphere or any watercourse or body of water or any costs and expenses incurred in the prevention or remediation of such contamination or pollution, or
X	caused by or arising directly or indirectly, out of or in connection with the actual or alleged use or presence of asbestos.

Section 5: Tax Audit

Words with special meanings

Some key words and terms used in this Section have a special meaning. Wherever the following words or terms are used in this section, they mean what is set out below:

Word/ Term	Meaning
Audit	<p>An investigation or audit of <i>your</i> financial or taxation affairs that is initiated by an authorised Commonwealth, State or Territory government, government authority or agency in relation to, and following the lodgement of, a return.</p> <p>An audit does not include anything related to:</p> <ul style="list-style-type: none">u any review pertaining to maintaining any industry status, licence, membership or any compliance with any employee related legislation or regulations,u any government agency or authority gathering data or information that is not directly part of the audit, oru an audit of a superannuation fund or superannuation fund contributions for the purpose of determining any matter relating to the superannuation funds or its trustees' compliance with any of the provisions of the Superannuation Industry Supervision Act 1993.
Auditor	<p>An officer who is authorized under Commonwealth, State or Territory legislation to carry out an Audit of <i>your</i> taxation, financial affairs or a Taxation Liability.</p>
Completion of the Audit	<p>When the Auditor:</p> <ul style="list-style-type: none">u has given written notice to that effect,u forwards notification to <i>you</i> that they have made a final decision of a Taxation Liability, oru has issued an assessment or amended assessment of a designated liability.
Designated Liability	<p>Means <i>your</i> obligation to pay an amount under Commonwealth, State or Territory Legislation.</p>

Exclusions	Any loss, situation, circumstances or amounts that are not covered under this Section of the policy.
Final decision	A written notification of the Auditor's concluded view in connection with a Taxation Liability and includes any written statement which is intended by the Auditor to be its findings in connection with a Taxation Liability or the basis upon which it proposes to act in connection with a Taxation Liability.
Goods and Services Tax Return	Any return required to be lodged by <i>you</i> pursuant to relevant Goods and Services Tax Legislation.
Limit of Indemnity	Per Audit (apart from Sub-Limits of Liability): \$1,000 Limit of Indemnity in total for each <i>period of insurance</i> . \$2,000
Notification Date	The date that <i>you</i> or <i>your</i> representative was first made aware of a potential audit whether verbally or in writing. If <i>you</i> received a pre-audit questionnaire following the lodgement of a return, then the notification date cannot be later than the date that <i>you</i> received the questionnaire.
Professional Adviser	A qualified accountant which is a member of a nationally recognized accounting body, registered tax agent or tax consultant. With our prior written approval, any other qualified professional person or consultant engaged by or at the recommendation of the accountant, but does not mean <i>you</i> or any person working for <i>you</i> under a contract of employment.
Professional Fees	<p>Fees, costs and/or expenses reasonably incurred by <i>you</i> to engage a Professional Adviser.</p> <p>Professional Fees do not include any fees, costs or expenses related to:</p> <ul style="list-style-type: none"> u preparing or completing any accounts, returns, financial or taxation records, questionnaires, or documents that <i>you</i> would ordinarily be required to complete or rewriting or reconstructing any of <i>your</i> records or receiving any advice whether or not these fees, costs or expenses should have been incurred prior to lodging <i>your</i> return or prior to any audit,

	<ul style="list-style-type: none"> u any part of an annual or regular fixed fee or cost arrangement, or any subsequent objection or appeal or request for review in respect of the audit, any assessment, amended assessment or final decision of the Audit.
Record Keeping Audits	An enquiry or investigation by the Australian Taxation Office to determine the extent of <i>your</i> compliance with the record keeping or record retention requirements of relevant taxation legislation subject to the Sub-Limits of Indemnity.
Return	Any taxation return that is legally required to be lodged with the government, government agency or government authority by <i>you</i> or on <i>your</i> behalf.
Schedule	Refer to the most recently issued schedule or certificate of insurance.
Sub-Limits of Indemnity	<p>The maximum we will pay during any one <i>period of insurance</i> in relation to Audits pertaining to:</p> <ul style="list-style-type: none"> u Goods and Services Tax \$500, u Record Keeping Audits \$500.
Taxation Liability	<i>Your</i> obligations to pay an amount of tax under Commonwealth, State or Territory Legislation.

Tax Audit - What we do cover

On completion of the Audit we will pay *you* the Professional Fees reasonably and necessarily incurred by *you* in connection with assisting *you* to respond to or defend the Audit pertaining to the residential rental *property* insured by this policy provided that:

- u the Notification Date of the Audit occurred during the *period of insurance*, or the *period of insurance* immediately prior to the *period of insurance* in which the audit occurred, and
- u this Section 5 was in force at the time of the Notification Date, and
- u the Audit first occurred during the *period of insurance*, and
 - a) the Audit was notified to us during the *period of insurance* or the *period of insurance* immediately prior to the *period of insurance* in which the audit occurred,
 - b) the Audit related to a Return actually lodged no more than 12 months prior to the original inception date of this Section 5 of *your* policy,
 - c) the Audit related to a Return for a financial year that ended no more than 3 years prior to the Notification Date, and
 - d) no exclusion applies.

However, we will pay the Professional Fees when this policy and Section 5 are not in force at the time of the Audit in relation to *your property* only if:

- u *you* have sold the *property* and not replaced it, or
- u *you* have sold the *property* and replaced it with another *property* and that replacement *property* is insured by us and this policy and Section 5 is in force in relation to that replacement *property* at the time of the Audit, and
- u all the other provisions of the 'What we do cover' (above) section apply and none of the provisions 'What we do not cover' (below) section apply.

Tax Audit - Exclusions

We will not pay for any claim:

X	if a return or document, which is required to be lodged in relation to the Audit, has not been lodged: <ul style="list-style-type: none">• at all,• properly, or• by the due date,
X	in relation to an Audit conducted by or on behalf of the Australia Prudential Regulation Authority or the Australian Securities and Investments Commission,
X	in relation to routine enquiries or enquiries from the Auditor which are not identified as being either preliminary to, or relating to an Audit,
X	in relation to an Audit if, prior to the commencement of the <i>Period of insurance</i> , <i>you</i> or any person acting on <i>your</i> behalf: <ul style="list-style-type: none">• received any notice of any proposed Audit,• had information that the Audit was likely to take place,• had information that would lead a reasonable person in <i>your</i> position, or in the position of any person acting on <i>your</i> behalf, to believe that an Audit was likely to take place,
X	for professional fees of persons of organizations ordinarily resident outside Australia,
X	where there has been a dishonest or fraudulent act or omission in relation to a Return or document or in communications with the Auditor (including where any supporting documents have been falsely created, amended or collected) by <i>you</i> or any person acting on <i>your</i> behalf,
X	where there has been a statement whether orally or in writing by <i>you</i> or any person acting on <i>your</i> behalf which was false or misleading in a material particular and/or which was made knowingly, recklessly or negligently to an Auditor. This exclusion does not apply if the false or misleading statement was made relying on representations made by the auditor, or if <i>you</i> did not and could not reasonably have known that the statement was false or misleading, or if the statement was made on the basis of an honest and reasonable mistake as to what the law was as a result of advice from <i>your</i> Professional Adviser,

X	if the Audit is conducted specifically for the purposes of determining if any fine, penalty or prosecution action should be imposed in connection with any act or omission by <i>you</i> , or in connection with any failure, act or omission arising from, or in connection with <i>your</i> statutory obligations,
X	if <i>you</i> , without lawful justification, refused to or failed to comply with the request made by or on behalf of the Auditor for the production of documents or the supply of information,
X	<p>for any Professional Fees:</p> <ul style="list-style-type: none"> • incurred more than twelve months after the commencement of the Audit, unless <i>you</i> can show that completion of the Audit has been delayed as a result of the conduct of the Auditor, • that were charged by someone other than a qualified Accountant who is a member of a nationally recognized accounting body, registered tax agent or tax consultant unless our prior written consent was first obtained, • for any work performed in connection with any prosecution which arises from the Audit or in connection with <i>your</i> culpable behaviour being assessed to be deliberate evasion or recklessness, • unless they directly pertain to the residential rental <i>property</i> insured by this Policy,
X	for any fines, penalties, interest or adjustments to tax, additional tax, duty, government impost or similar, payable under any circumstances,
X	if <i>your</i> collective annual turnover and/or any related entity in the latest financial year exceeds \$250,000,
X	if at the commencement of the Audit <i>you</i> are bankrupt within the meaning of the Bankruptcy Act 1966, or insolvent or under external administration within the meaning of the Corporation Law,
X	relating to an Audit by the ATO if <i>you</i> fail to comply with any requirement or obligation imposed upon <i>you</i> by any relevant legislation if a return in relation to the Audit was not prepared or reviewed by an Accountant prior to dispatch,
X	if the Audit is commenced or is conducted specifically for the purposes of determining <i>your</i> taxation liabilities and liability to pay tax, interest, additional tax or penalty as a result of participation in any Mass Marketed Tax Avoidance Scheme (where the result of participation has resulted from an introduction, proposal or recommendation made by <i>you</i>),

X	if the Auditor imposes Culpability Penalties at a rate prescribed by the Auditor and <i>you</i> have no reasonably arguable case,
X	in relation to any Audit of any form of managed investment, or
X	if <i>you</i> breach any conditions in this policy, including failing to comply with any requirement imposed by any relevant legislation or failing to do what <i>you</i> must do if <i>you</i> intend to make a claim or <i>you</i> make a claim.

Tax Audit - How much we will pay

The most we will pay for all claims during any one *period of insurance* relating to Goods and Services Tax returns and Record Keeping Audits is the Sub-Limit of Indemnity, \$500.

The most we will pay for each Audit is \$1,000.

The maximum amount in the aggregate is limited to \$2,000.

If *you* have more than one residential landlord *property* insured, whether under the same policy or not, and those properties benefit from the cover provided by “Section 5: Tax Audit Insurance”, we will not pay more than a total of \$4,000 for all residential landlord policies that *you* have insured with us during any one *period of insurance*. We will not pay any Professional Fees pertaining to any residential landlord policies that are not insured under “Section 5: Tax Audit Insurance”. We will not pay any Professional Fees pertaining to any activity or part of a return not pertaining to the residential rental *property* insured by this policy.

Tax Audit - Conditions

For a claim to be payable under this Section, *you* must comply with the following policy conditions:

- u make every effort to comply with the relevant legislation, procedures and guidelines issued by the relevant government, government authority or agency including in relation to maintenance of records, books and documents,
- u lodge taxation and other returns within the time limits prescribed by statute, pay all taxes by their respective due dates, or, if an extension is granted by the Auditor, within the further period granted, and
- u have and properly maintain records which:
 - a) *you* are either required to keep or should or would keep in the ordinary course of business, or
 - b) would be kept ordinarily in relation to a taxation liability.

Tax Audit - How to make a claim

What you must do

For a claim to be payable under this Section 5, *you* must comply with the following policy conditions:

- u immediately give us full written details as soon as *you* become aware of any proposed Audit that could lead to a claim. As soon as *you* receive it, *you* must supply us with a copy of the notice from the government, government agency or authority that shows the type of Audit that they intend to conduct. Where an audit commences without notification, *you* must supply the following details, where possible:
 - a) a letter signed by *you* confirming that an Audit has commenced,
 - b) date of the Auditor's first visit, and
 - c) the officer's agency, authority, position/title, full name and telephone contact details,
- u obtain our prior written approval before engaging any Professional Adviser, other than *your* accountant, and notify us of all fees and costs that person proposes to charge,
- u ensure that *you*:
 - a) provide us with all material information as it develops in relation to *your* claim and the Audit in a timely manner,
 - b) take all reasonable steps to minimize costs and delay,
 - c) respond to any letters, requests and enquiries from the Auditor within the required time and where there is no required time, a reasonable time,
 - d) submit to us all accounts for Professional Fees that relate to this claim, upon conclusion of the Audit. These accounts must provide us with sufficient detail to enable us to determine the nature of the work done and the basis of calculation of any Professional Fees for which *you* are making a claim, and
- u assist us with the processing of *your* claim by cooperating with our, or our agent's investigation into any matters which are or may be the subject of the claim. *You* must also instruct *your* Professional Adviser to assist us at all times, providing us with documents and details in connection with the claim. This may also include the pursuit of matters with the department, body or agency which is or may be the subject of a claim under this policy.

Making a claim

Actions you must take in the event of loss or damage

In the event of loss or damage *you* must take the following actions:

- u take all reasonable precautions to prevent any further loss, damage or liability,
- u if *your property* suffers *malicious damage* or theft then *you* must report it to the police. If the loss is expected to exceed \$10,000, then the police report number needs to be submitted with *your* claim,
- u not carry out repairs, except to prevent any further loss or damage, until we have had the opportunity to examine the damage and have authorised repairs,
- u not delay in arranging the repair or replacement of stolen or damaged items after we have given *you* the authority to do so. We will not pay any increased costs or expenses which result from *your* unreasonable delay in returning the *property* to a *tenantable* condition,
- u contact us as soon as possible after *you* become aware of any loss, damage or liability (refer to *your* schedule for the phone number). We will help and advise *you*, and explain the next steps *you* should take. We may also arrange for an assessor to attend and inspect *your property* if required,
- u keep any damaged *property* or stolen *property* that *you* recover and let us inspect it if we need to. Please remember that we take over *your* legal right to recover the insured *property*, and
- u do not admit fault or settle or defend a claim without our prior agreement.

If *you* do not follow these steps we may be entitled to reduce the amount payable to *you* or refuse to pay a claim.

Providing Proof

Within 30 days of *you* becoming aware of loss, damage or liability *you* must give us full written details of *your* claim. Documents which we may ask for include but are not limited to:

- u proof of ownership i.e. receipts, valuations, photographs, warranties, instruction manuals etc for items which have been stolen or damaged,

- u itemised quotes to repair/replace damaged items. If we have appointed an assessor, they can assist with sourcing quotes if required,
- u a copy of the *tenant's* rental history and *Lease* if the claim involves loss of rent, *malicious/accidental/deliberate damage* or theft by *your tenant*,
- u rent arrears/termination notices issued to, or court orders issued against the *tenant*, under the appropriate Tenancy Act of *your* State or Territory,
- u copies of entry/exit and routine *property* inspection reports, if *your* claim involves *malicious/accidental/deliberate damage* or theft (or to support any other claim),
- u invoices to establish the cost of *re-letting expenses* that were deducted from the *tenant's* security bond, and
- u any other court issued documents, letter, claim, writ or summons, in relation to a claim, as soon as possible after *you* receive it.

You must be able to prove to us that *you* have suffered a loss that is covered by this Policy before we will pay *you* for it.

Actions we take when a claim is reported

When we receive a claim from *you* we will:

- u examine the circumstances to see if the loss, damage or liability is insured, and
- u tell *you* if it is covered.

If the event is covered we will:

- u tell *you* how the claim will be assessed, examined and paid and what further supporting documents *you* need to provide us,
- u either deduct any *excess* from *your* loss or ask *you* to pay it to a repairer, supplier or us.

If we choose to replace items *you* must:

- u assist us by giving accurate descriptions and specifications to us and suppliers, and
- u replace items as requested.

If *you* do not wish us to replace items from suppliers we nominate, *you* may nominate another supplier but *you* must pay any additional costs incurred by us as a result.

Claim Payments

Claims payments may be paid either to:

- u a supplier we have authorised to complete repairs or replacements,
- u to a third party if *you* have a legal liability, or
- u to *you*.

For the purposes of claim payments only, *you*, includes the policyholder and *property* owner as well as the licensed *Property Manager* who has been engaged (by way of a Managing Agency Agreement) to manage *your property*. Payments will be made to the party who submits the claim, unless otherwise notified in writing at the time the claim is lodged.

Settling or defending your claim

If we agree *you* have a claim, only we have the right to:

- u make or accept any offer or payment, or in any other way admit *you* are liable,
- u settle, or attempt to settle, any claim, or
- u defend any claim.

You must co-operate with us in defending or settling *your* claim. *You* must tell us about and send us a copy of any notice, letter, claim, writ or summons, in relation to a claim, as soon as possible after *you* receive it.

If you prevent our right to recover from someone else

If *you* have agreed not to seek compensation from a person who is liable to compensate *you* for any loss, damage or legal liability (which is covered by this Policy) we will not provide *you* with cover under this Policy for that loss, damage or legal liability.

Contribution/other insurance

If at the time of any claim under this Policy there are other insurances covering the *property*, then we will have the right to seek reimbursement from the other insurer(s) in respect to their proportion of any loss, damage or liability. *You* must give us all information and assistance we may reasonably require.

Excesses payable in the event of a claim

An *excess* is an amount payable by *you* when *you* make a claim under *your* insurance policy. We will either deduct any *excess* from *your* loss or ask *you* to pay it to us or a repairer or supplier. The *excesses* which apply to claims under this Policy are:

Excess Type	Claim Type	Excess
Basic excess	Loss of rent	<p>Queensland: \$180 for loss of rent arising from the <i>tenant</i> absconding with rent owing or defaulting on rent payments. All other causes of loss of rent have a nil <i>excess</i>.</p> <p>In all other States and Territories: Nil.</p>
	Malicious, Accidental and Deliberate damage	<p>NSW, Victoria, Tasmania, Queensland, WA, SA, ACT: \$250</p> <p>NT: \$500</p> <p>Note:</p> <ul style="list-style-type: none"> • For

	Earthquake	\$200. This <i>excess</i> applies for claims directly or indirectly caused by earthquake. All loss, destruction or damage occurring within a period of 48 hours of an earthquake is regarded as the one event.
	Representation Costs, Legal Expenses/Liability and Tax Audit	Nil.
	Other Claims	\$100 for any other claim for a claim type not listed above.
Underwriting excess	All claims	An additional <i>excess</i> may be imposed based on an assessment of the risk, the overall claims history or if the risk of claim is higher than usual. The amount will be shown on <i>your Policy Schedule</i> and is payable instead of the Basic <i>excess</i> shown in this table.
Uninhabited Property excess	All claims except Representation Costs, Legal Expenses/Liability and Tax Audit	\$500. Where <i>your property</i> is vacant for a period of 90 days or more and we have agreed to provide cover, an additional <i>excess</i> will be applied to all claims until the <i>property</i> is re-tenanted. This <i>excess</i> is in addition to any Basic or Underwriting <i>excess</i> that might apply.

If loss or damage results from more than one insured event, then the *excesses* that apply under each applicable section of the Policy will apply separately and *you* must contribute the total of all applicable *excesses* (except as described in Section 2: *Contents* in relation to damaged carpet).

If a single insured event results in a claim under more than one Section of this Policy then only one *excess* will apply and that will be the largest *excess* applicable under any section under which a claim could be made.

What can affect a claim?

We may limit the amount payable or refuse to pay a claim for any of the following reasons:

- u there has been a change in the risk, unless *you* inform us of it and we have agreed to cover it under this policy,
- u when applying for this insurance or when making a claim *you*:
 - are not truthful,
 - have not given us full and complete details, or
 - have not told us something *you* should have,
- u *you* do not comply with *your* duty of disclosure (refer to the Product Disclosure Statement on page 16 of this document),
- u *you* do not at all times take reasonable care to:
 - protect any *property you* have insured with us against any initial or further loss or damage,
 - keep *your property* in good condition,
 - obey any laws or regulations that safeguard people or their *property*,
- u *you* do not give us the supporting documents we require to assist with our decision in relation to a claim,
- u if any fraudulent means or devices are used by *you* or anyone acting on *your* behalf to obtain benefits under this Policy. Furthermore, we may also cancel this Policy or take legal action against *you* if it is proven the claim *you* submitted was in any way fraudulent,
- u *you* breach any of the conditions of the policy, including any endorsements noted on or attached to the *Policy Schedule*,
- u *you* do any of the following without us agreeing to it first:
 - make or accept any offer or payment, or in any other way admit *you* are liable,
 - settle, or attempt to settle any claim,
 - defend any claim.

A claim may also be reduced by an *excess* – the amounts are shown on *your Policy Schedule*.

Other general obligations

If *you* do not take reasonable care to:

- u avoid the risk of injury to *tenants* and others,
- u ensure that *your property* does not have defects that may cause injury to any person at the time a *tenant* takes possession or that such defects identified at any other time are rectified promptly once they have been brought to *your* attention,
- u maintain the *property* in a good state of repair,
- u ensure that all *building*, maintenance or repairs to the *property* are undertaken by appropriately licensed and qualified person(s),
- u comply with all statutory obligations, by-laws and regulations imposed by any public authority, for the safety of persons or *property*,

We will not pay for loss, damage, liability or injury to which this failure to take reasonable care contributes.

General terms and conditions

Payment of premium

You must pay *your* annual premium by 4.00pm on the due date. If we do not receive *your* premium by this time or *your* payment is dishonoured, this Policy will not start and there will be no cover - if *you* have not paid, *you* are not insured.

You can pay *your* premium in one annual payment by cash, cheque, postal order, MasterCard, Visa or BPay.

Property Management

Cover provided by this Insurance is only applicable where:

- u *your property* is managed by a licensed real estate agent or on-site manager, and
- u there is a *Lease* in place between the Landlord and *tenant*. This *Lease* must fall within the guidelines of the Tenancy Act applicable to the State or Territory in which the insured *property* is located.

Actions and advice by or from your property manager

- u Any notification, advice or discovery made to or by *your Property Manager* is considered to have been made to or by *you*.
- u Any action taken or that should have been taken by *your Property Manager* is considered to be an act or omission by *you*.

Rent arrears

When the initial *period of insurance* commences after the beginning of the current tenancy the following condition applies:

- u Cover will be limited to Section 2: '*Contents*', (but excluding *malicious damage*) and Section 4: '*Liability to Others*' of this policy if the *tenant* was in 'rent arrears' during the 2 months prior to the commencement of the initial *period of insurance*. If the *tenant* subsequently brings their rental payments out of 'rent arrears' for a period of two consecutive months, then these limitations will not apply from the end of that two month period or the date of the commencement of the initial *period of insurance*, whichever occurs last.

Bond monies

Your Policy settlement will operate on the basis that bond monies equivalent to at least four weeks rent have been collected. This applies regardless of whether a full bond has been collected.

In the event of loss of or damage to *your property* caused by the *tenant* *you* will use the bond money to mitigate *your* loss. If *you* have voluntarily returned the bond money to the *tenant*, and *you* lodge a claim for loss of or damage to *your property*, we will reduce any amount we pay by the amount of prejudice we have suffered as a result of *your* actions.

Uninhabited properties

When the *property* is uninhabited Section 1: Loss of Rent, Section 2: *Contents* and Section 3: *Building*, will not apply unless *you* obtain our prior written agreement to provide the cover. An additional *excess* will be applied until the *property* is re-tenanted. This *excess* will be shown on *your Policy Schedule*.

Uninhabited means that in the 90 day period immediately before loss or damage occurred, no person resided in the *Property* overnight on at least one occasion.

Other party's interests

You must tell us of the interests of all parties (e.g. financiers, owners, lessors) who have an interest in the *property* insured. We will protect their interests only if *you* have told us about them and we have noted them on *your Policy Schedule*.

Cancelling your Policy

How you may cancel

You may cancel this Policy at any time by telling us that *you* want to cancel it.

We will refund any premium *you* have paid us along with any refundable government charges, less an amount to cover the period for which we have already insured *you*.

How we may cancel

We may only cancel this Policy when the law says we can. When we cancel *your* Policy we will tell *you* so in writing. This notice of cancellation will be given to *you* in person or sent to *your* last known address.

We will refund any premium *you* have paid us along with any refundable government charges, less an amount to cover the period for which we have already insured *you*.

Goods and Services Tax (GST)

This section of the policy deals with:

- u how GST is part of what *you* have to pay for the policy,
- u *your* obligation to tell us about any input tax credit entitlement *you* may have for that GST, and
- u how GST affects what we pay *you* for any claims *you* make and any limits on what we pay.

As part of the total amount payable for this insurance policy, we will include an amount on account of GST.

Each time *you* make a claim under this policy, *you* must tell us if *you* are entitled to claim an input tax credit for the GST amount charged on *your* policy and, if *you* are, the proportion of the GST that *you* can claim as an input tax credit.

If you are entitled to claim an input tax credit for the GST included in the amount payable:

If *you* do not tell us that *you* are entitled to an input tax credit, or *you* give us incorrect information about the proportion of the GST *you* claim as an input tax credit, then *you* may have a GST liability for claim payments we make. Any such GST liability *you* have remaining when we make a cash settlement (whether it is made to *you* or to a third party to whom *you* are liable) will be *your* responsibility, even if *you* tell us *your* correct input tax credit entitlement after the payment has been made.

The amount of premium payable by *you* for this Policy includes an amount on account of the GST on the premium.

The sum insured and policy limits include GST therefore we will not pay GST in addition to *your* sum insured or policy limit.

If you are not entitled to claim an input tax credit for the GST included in the amount payable:

The sum insured and policy limits include GST therefore we will not pay GST in addition to *your* sum insured or policy limit. Please remember, we will apply these terms and conditions in addition to any other terms and conditions in the policy.

Changes of terms and conditions

In some circumstances the terms and conditions of the policy may be amended by endorsement. If *your* policy is endorsed *you* will receive notification of this in writing.

Notices

Any notices we give *you* will be in writing, and it will be effective if it is delivered:

- u to *you* personally, or
- u posted to *your* address last known to us.

General Exclusions

General exclusions applying to this Policy

We do not insure *you* for:

1. any war (whether it has been formally declared or not), any hostilities, rebellion, revolution or theft of *property* as a result of any of these, or
2. acts of Terrorism regardless of any other cause or even contributing concurrently or in any other sequence to the legal liability, loss, damage, cost or expense, or any legal liability, loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism, or
3. radioactivity or the use, existence or escape of any nuclear fuel, nuclear material, or nuclear waste or action of nuclear fission or fusion, or
4. any intentional act committed by the landlord, the landlord's family or any person acting with the express or implied consent of the landlord.

This Policy also excludes any loss, destruction, damage, death, injury, illness, liability, cost or expense of any nature directly or indirectly caused by, contributed to by, resulting from or arising out of or in connection with any action taken in controlling, preventing, suppressing, retaliating against, or responding to or in any way relating to 1, 2 3 or 4 above.

Additional exclusions applying to all sections of this Policy

- a) We will not pay a claim under any section of this Policy (unless stated otherwise) when the claim is caused by or arises directly out of:
 - ✗ flood,
 - ✗ the action of the sea, high water or high tide, storm surge, tidal wave or tsunami,
 - ✗ erosion, subsidence, landslide, mudslide, expansion or contraction of the earth, or any other earth movement, or underground water, but this exclusion will not apply to the cover provided under Section 2: '*Contents*' – 'What the *contents* are covered for', (d) earthquake and (h) water damage,

- ✘ consequential loss, such as having to hire a washing machine because one, provided by *you* for the *tenants* use, was stolen,
- ✘ expropriation, lawful seizure, resumption, confiscation, nationalisation or requisition of any *property* by any lawfully constituted authority or persons,
- ✘ any intentional act committed by *you*, *your family* or by any person acting with *your* express or implied consent,
- ✘ an act by the *tenant*, where consent for the act was given to them by *you*,
- ✘ rust, wear, tear, mould or mildew, oxidation, change of colour, the action of light, atmospheric conditions or vibration unless caused by an insured event,
- ✘ heat damage, or scorching where there is no actual fire damage such as scorching or marking of bench tops from hot cooking pots or pans - for the purpose of this exclusion fire damage means actual ignition, heat and flames,
- ✘ damage caused by cleaning with detergents, chemicals, steam or any other cleaning agent,
- ✘ damage caused by insects or vermin (such as termites, rats, or mice or wildlife) but we will pay for any resultant fire damage to insured *property*,
- ✘ poor housekeeping by *your tenants* or a member of *your tenant's* family or *your tenant's* guests. Poor housekeeping includes costs associated with the *tenants'* untidy, unclean or unhygienic living habits,
- ✘ any loss or damage arising out of or connected with keys being provided for the purpose of *property* inspections,
- ✘ the *tenant* utilising the premises for trade, manufacturing or childcare with *your* knowledge and/or consent,
- ✘ tree roots,
- ✘ scratching or denting,
- ✘ inherent defects, faulty workmanship, structural defects, or faulty design,
- ✘ mechanical or electrical breakdown or electrical power surge, other than the burning out of electric motors, or
- ✘ the actions of domestic pets.

b) We will not pay a claim under any section of this Policy from the point in time that:

- ✘ the landlord takes over private management of the *property*, or
- ✘ the landlord takes up residence in the *property*, or
- ✘ the *property* is vacant, is not advertised for sale, and:
 - no effort is made to prepare the *property* for a new *tenant*, or
 - no effort is made to replace the *tenant*.

This effort must be within a reasonable period of:

- the *tenant's* departure from the *property*, or
- *you* or *your Property Manager* becoming aware of their departure,

which ever occurs later, or

- ✘ *your property* is vacant and advertised for sale. However we will provide the following limited cover under:
 - Section 1 'Loss of rent', providing *you* can demonstrate a continuing reasonable effort was made to obtain a new *tenant* (such as advertising for a tenant), whilst you were simultaneously marketing the *property* for sale, and
 - Section 2 '*Contents*' and Section 4 '*Liability to others*' while the *property* is advertised for sale and uninhabited for a maximum period of 90 days. After the *property* has been uninhabited for 90 days, we will not pay a claim under any section of the policy unless you have obtained our prior written agreement for cover to be provided.

c) We will not cover any loss, damage or liability that occurred prior to the commencement of the initial *period of insurance*.

d) There is no cover for loss of, or damage to water in swimming pools, spas or water tanks unless maliciously caused.

Terri Scheer Insurance Pty Ltd

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