

**In the matter of the *Commissions of Inquiry Act 1950*  
*Commissions of Inquiry Order (No.1) 2011*  
Queensland Floods Commission of Inquiry**

**Witness Statement of Michael Saadat**

I, Michael Saadat, of [REDACTED] New South Wales, say as follows:

1. I hold the position of Senior Manager in the Deposit Takers, Credit and Insurers (DCI) stakeholder team within the Australian Securities and Investments Commission (ASIC), located at level 5, 100 Market Street, Sydney, New South Wales. I am currently managing the DCI team for the period between 14 October 2011 and 2 November 2011 as Gregory Kirk, Senior Executive Leader DCI, is on annual leave and absent from the office for this period.
2. I make this statement in response to a further request from the Queensland Floods Commission of Inquiry (QFCI) for information from ASIC in relation to the QFCI investigation into the performance of private insurers in meeting their claims responsibilities arising from the Queensland floods in December 2010 and January 2011, as set out in the letter from the QFCI dated 14 October 2011 attached to this statement and marked as **Annexure 1**.
3. Except where otherwise stated, I make this statement from my own knowledge and belief after making enquiries with relevant officers of ASIC.

**Introduction**

4. The QFCI has requested that ASIC advise of all information which ASIC relied upon in forming the view set out in the statement of Gregory Kirk of 5 October 2011 (the Statement of Gregory Kirk) or in otherwise assessing the 'desk top triage' process undertaken by CGU Insurance Limited (CGU). I note that ASIC continues to assess the matters arising from this issue, and is engaged in ongoing communications with CGU. ASIC received a response from CGU dated 7 October 2011. ASIC is currently assessing the matters set out in the letter dated 7 October 2011. A copy of that letter is attached and marked as **Annexure 2**. In forming the view expressed in the Statement of Gregory Kirk, ASIC relied on the information set out in the following paragraphs of this statement.

## **Complaint**

5. As set out in the Statement of Gregory Kirk, ASIC received a complaint on 10 April 2011 in relation to an aspect of CGU's claims handling process (the Complaint). A copy of the Complaint was provided as Annexure 4H to the Statement of Gregory Kirk.

## **ASIC's jurisdiction**

6. In reviewing the complaint, ASIC had regard to its jurisdiction and powers in relation to the subject matter of the complaint. Handling insurance claims, as set out in Regulation 7.1.33 of the *Corporations Regulations 2001* (Cth), is specifically excluded from the definition of a financial service in the *Corporations Act 2001* (Cth). However, ASIC can generally review claims handling practices as they relate to disclosure and conduct in relation to financial products (such as general insurance products) which is regulated by the *Corporations Act*, and the *Australian Securities and Investments Commission Act 2001* (Cth). ASIC is also responsible for the administration of the *Insurance Contracts Act 1984* (Cth) (the IC Act). Relevant provisions of the IC Act include the implied duty of utmost good faith in section 13, and the requirement for a party to a relevant insurance contract not to rely on provisions of the contract except in the utmost good faith (section 14).

## **Product Disclosure Statement (PDS)**

7. ASIC reviewed the CGU Fundamentals Home Insurance PDS and Policy document (the CGU PDS). A copy of the CGU PDS is attached and marked **Annexure 3**. In particular, ASIC considered the statements on page 36 of the CGU PDS that provide a 'Fair Dealing Guarantee' that CGU will meet any claims covered by the policy fairly and promptly and a 'Service Guarantee' that CGU will provide a policy holder with the highest standard of service.

## **The General Insurance Code of Practice (GI Code)**

8. ASIC considered the application of the GI Code to the 'desk top triage' claims assessment process that CGU undertook. As stated in paragraph 8 of the Statement of Gregory Kirk, ASIC does not have a role in monitoring compliance with the GI Code. In addition, clause 4.3 of the GI Code states that due to the large number of claims, insurers may not be able to meet all standards of the Code following a catastrophe or disaster. Clause 4.4 of the GI Code further provides that insurers will establish their own internal processes for responding to catastrophes and disasters. It is evident that the Queensland flood event can be considered a catastrophe or disaster event which triggered the operation of these clauses.

### **Letter dated 13 May 2011 from CGU to ASIC**

9. Following its review of the Complaint, ASIC wrote to CGU on 20 April 2011. A copy was provided as Annexure 4C to the Statement of Gregory Kirk. CGU responded in a letter dated 13 May 2011, a copy of which was provided to the QFCI as Annexure 4D to the Statement of Gregory Kirk. ASIC considered CGU's response and, in particular, the following information set out in the response:

- Approximately 3,500 claims had been received by CGU for the Queensland extreme weather events and 117 customers had elected to have their claim denial reviewed via CGU's internal dispute resolution (IDR) process;
- As part of the IDR process, CGU ensured that all disputed claims were site assessed, and as at 13 May 2011 no Queensland flood claim which had been denied using the desk top triage process had been overturned by IDR;
- This indicated that a claim decision using the desktop triage process did not produce different results from that of a process which included a specific on-site assessment by a qualified assessor of CGU;
- CGU stated that it designed the process, in accordance with section 4 of the GI Code, to allow for the consideration of various reliable sources of information to reach an objective and timely decision during a catastrophe event;
- CGU also stated that they had consulted the Financial Ombudsman Service (FOS) who advised that under the circumstances, this approach was reasonable and that insurers should determine claims based on the "best available evidence";
- CGU advised that they considered the 'desk top triage' process complied with its obligations to act in good faith and to deal with claims fairly and promptly;
- These matters indicated to ASIC that CGU had considered the effect of the 'desk top triage' procedures to best address the needs of its policy holders.

10. Upon review of the matters set out in the letter from CGU dated 13 May 2011, and the other information set out in this statement, ASIC provided the following statement to the QFCI:

It appears that the process CGU employed is acceptable as there is no evidence that assessing a claim under the 'Desk top triage' process has adversely affected the outcome of any individual claimant. It also appears to comply with obligations under section 4 of the General Insurance Code of Practice.

**Further review**

11. ASIC sent a further letter to CGU dated 28 September 2011 requesting CGU respond to ASIC's letter dated 3 August 2011. A copy of that letter was provided to the QFCI as Annexure 4G to the Statement of Gregory Kirk. Subsequent to the provision by ASIC to the QFCI of the Statement of Gregory Kirk, a response was received from CGU dated 7 October 2011. A copy of that letter is attached and marked as **Annexure 2**.
12. ASIC is currently considering the information set out in the letter from CGU dated 7 October 2011, and what, if any, action may be taken by ASIC in relation to this issue.

Date: 21 October 2011



MICHAEL SAADAT

Our ref: Doc [REDACTED]

14 October 2011

Ms Janean Richards  
Assistant Secretary  
Office of Legal Services Coordination  
3-4 National Circuit  
BARTON ACT 2600

By email: [REDACTED]

Dear Ms Richards

**ASIC investigations of complaints relating to insurance claims arising from the Queensland floods**

I refer to Annexure 4 to the statement of Mr Gregory Kirk, dated 5 October 2011 and specifically to the comment that:

'It appears that the process CGU employed is acceptable as there is no evidence that assessing a claim under the 'Desk top triage' process has adversely affected the outcome of any individual claimant. It also appears to comply with obligations under section 4 of the General Insurance Code of Practice.'

The Commission requests that Mr Kirk, or another officer of the Australian Securities and Investments Commission (ASIC):

1. advise the Commission of all information on which ASIC relied in forming the above view or in otherwise assessing the 'Desk top triage' process; and
2. provide copies of that information.

It is not necessary to provide copies of any information which has been provided to the Commission previously.

The Commission would be grateful if the above information could be provided by 4 pm, Friday, 21 October 2011.

Should you have any queries, please contact Mr Lachlan Zangari on telephone

[REDACTED]  
Yours sincerely

[REDACTED]  
Jane Moynihan  
Executive Director

400 George Street Brisbane  
GPO Box 1738 Brisbane  
Queensland 4001 Australia  
Telephone 1300 309 634  
Facsimile +61 7 3405 9750  
www.floodcommission.qld.gov.au  
ABN 82 696 762 534



RE: Letter to CGU Insurance Limited - Assessment of Home & Contents  
Insurance Claims Following 2011 (Qld) Flood Events  
[IAG-Worksite.FID94261]

Dion Gooderham to: [REDACTED]  
Cc: [REDACTED]

07/10/2011 03:32 PM

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History: This message has been replied to and forwarded.

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Dear Ms [REDACTED]

I attach CGU's reply to your letter of 3 August 2011.

Once again, I apologise for the delay in furnishing this response.

Regards, Dion

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**Dion Gooderham**  
General Counsel, CGU Legal  
CGU Insurance

[REDACTED]

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CGU Insurance  
CGU Centre Level 6, 181 William St, MELBOURNE VIC 3000  
t (03) 9601 8429 f (03) 8804 8354

7 October 2011

[REDACTED]  
Senior Manager  
Deposit Takers, Credit & Insurers  
Australian Securities & Investment Commission  
GPO Box 9827  
Brisbane QLD 4001

By Email: [REDACTED]

Dear Ms [REDACTED]

### **Assessment of Home & Contents Insurance Claims Following 2011 (Qld) Flood Events**

I refer to your letter of 3 August 2011 and related communications.

In my letter to you dated 30 June 2011 under the heading **Site Assessment Options**, I referred to a change in the communication of a site assessment option being available to customers. Further in that section, I referred to a site specific hydrology assessment being made available prior to any Internal Dispute Resolution process commencing. The reference to a site specific assessment and a site specific hydrology assessment are quite different and it appears the two may have been confused.

#### **Site Assessment Option**

A site specific assessment is conducted by a loss assessor (sometimes referred to as a loss adjuster) not a hydrologist. Assessors are not technical experts and for domestic home and contents insurance claims, will often have a background in a building trade. Their main function is to collect relevant facts about the claim and to evaluate the damage and quantum of loss. In relation to flood claims, assessors do not make expert determinations about whether a loss was caused by flood but could recommend that a hydrologist assessment be conducted, especially where there were complicating factors, such as evidence of prior stormwater runoff.

As indicated in my letter of 30 June 2011, CGU revised its communications to ensure that customers understood that site specific assessments were available if they wanted one. This was communicated directly to customers with an ongoing claim as part of the claims handling process (as outlined in my letter of 13 May 2011). For those who had already had their claim declined, senior CGU claims staff reviewed all those claims to ensure the decision was soundly based and supported by clear evidence.

Where new relevant evidence had become available (for example, site hydrology assessment for a neighbouring property), this was also reviewed to determine whether the decision ought to be changed. I am advised that there were in fact cases where decisions to decline were changed based on the cross-referencing of such new evidence.

Site specific assessments were ordered for all claims referred to Internal Dispute Resolution.

#### **Site Specific Hydrology Assessments (for flood claims)**

As indicated in my letter of 13 May 2011, CGU procured a number of area hydrology reports relating to the Queensland floods and utilised these reports in making assessments about flooding in particular areas. For flood claims, a site specific hydrology assessment would be ordered by CGU where the available evidence indicated complex causes of inundation or the conclusions were otherwise unclear. During the 2010/11 Queensland flood events CGU ordered 126 site specific hydrology reports in total (in addition to area and regional hydrology assessments).

Where a claim proceeded to the Internal Dispute Resolution stage (ie the customer elected to dispute the claims decision), a site specific hydrology assessment was ordered in the majority of cases if one had not been conducted already. Arrangements would be made directly with the customer or their representative for the assessment to be conducted.

In my letter of 30 June 2011, I indicated that a site specific hydrology assessment was "offered". It is more accurate to say that it was ordered as part of the claims review and IDR process. An automatic site hydrology assessment option was not offered, due to the limited availability of hydrologists and the fact that hydrology assessments were only relevant in complex or doubtful cases (eg cases involving both storm and flood water inundation).

#### **Reference to External Dispute Resolution (EDR) in claims review decision**

In relation to your question about whether CGU would consider making reference to EDR in our letters in addition to enclosing the "Handling Your Complaint" brochure which is annexed to the letter, CGU would consider that option if it can be established that it would assist customers to understand the claims and review process.

We consider that CGU's "Handling Your Complaint" brochure does clearly set out the correct and most efficient complaint handling sequence from the customer's perspective. In our experience, a single reference out of context to the EDR process without a clear description of the overall dispute resolution process tends to result in customers referring their claims to EDR out of sequence which ends up delaying the process and creating unnecessary administrative work. In our experience, where a customer refers a claim to the Financial Ombudsman Service (FOS) without first having gone



through the IDR process, tends to result in FOS referring the customer back to CGU's IDR process first.

I trust this addresses your additional queries. Please contact me on [REDACTED] if you would like to discuss the matter further.

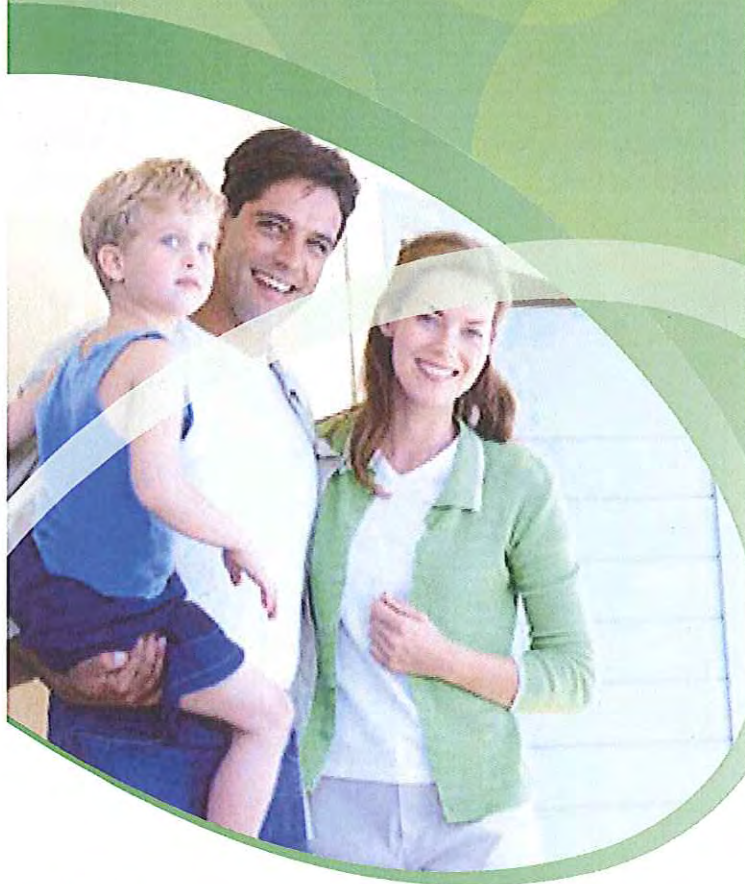
Yours sincerely, [REDACTED]

[REDACTED]  
Dion Gooderham  
CGU General Counsel

CC [REDACTED] Senior Specialist, Analyst Deposit Takers, Credit & Insurers  
[REDACTED], Analyst Deposit Takers, Credit & Insurers

# fundamentals home

insurance product disclosure  
statement and policy



**fundamentals**  
home insurance product  
disclosure statement and policy



# fundamentals home

Preparation date: 27/05/2008

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

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

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

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

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

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## Fundamentals Home Insurance

Fundamentals Home Insurance covers your buildings or contents for loss or damage as a result of any incident listed in this PDS.

We also provide protection for a range of additional covers and your legal liability.

You can choose to take out a buildings policy, a contents policy, or a combined buildings and contents policy.

You can also add options to your policy for domestic workers' compensation and strata title mortgagee protection.

Your buildings or contents will be covered up to the sum insured, as listed on your current schedule.

To find out what this policy covers, see next page ►

For exclusions to this cover, see page 25 ►

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## Buildings we will cover

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

### Your buildings include

- residential buildings that you live in, including any professional offices or surgeries in those buildings
- domestic outbuildings
- fixed coverings to walls, floors and ceilings
  - these do NOT include fixed carpets, curtains or internal blinds
- infrastructure for services, including infrastructure for the supply of electricity, gas, water, internet and telephone
- items built in, fixed to, or on the buildings
- blinds or awnings on the outside of the buildings
- anything permanently built, constructed or installed on your property for domestic purposes.

### Your buildings do NOT include

- buildings that a tenant is liable for under the terms of a rental agreement
- plants, shrubs, trees or grass

## What we will pay for buildings

We will cover your buildings up to the sum insured, as listed on your schedule.

## Contents we will cover

We will cover household goods or personal effects not fixed or fitted to buildings that you own or are legally responsible for.

### Your contents include

- accessories and spare parts for motor vehicles, motorcycles, mini-bikes, caravans, trailers and watercraft, that are not in, or on them
- items thinly covered with gold or silver that are not jewellery or watches
- carpets, curtains or internal blinds
- film, slides and prints, **however**
  - we will only pay the value of these items as unprocessed material, and the cost of processing them
  - if you purchased them already processed we will only pay their replacement value
  - we will not pay the costs of recreating any event
- tapes, cassettes, cartridges and discs, **however**
  - we will only pay the value of these items when blank unless they were pre-recorded when you purchased them
- computer software
- media purchased online, e.g. music, software, and videos
- landlords' fixtures and fittings that you are liable for under the terms of a rental agreement, **unless**
  - the body corporate or similar body has insured them
- fixtures and fittings that you have installed for your own use if you are a tenant, or the owner of a strata title unit, **unless**
  - the body corporate or similar body has insured them
- office and surgery equipment that you use to earn an income at your home
- unregistered motorised golf buggies, ride-on mowers and wheelchairs
- unregistered motorcycles or mini-bikes up to 125cc that do not require registration by law, **unless**
  - they are being used for racing or pacemaking

Continued next page ►

continued... Contents we will cover

**Your contents include**

- money and negotiable documents
- watercraft less than three metres long that are not powered by a motor
- valuable items as listed below
  - jewellery and watches
  - items that contain gold or silver (this does not include items thinly covered with gold or silver)
  - furs
  - collections of stamps, money or medals
  - battery-powered items as listed below
    - audio visual equipment
    - camera equipment, including accessories and unprocessed film, unless they are being used underwater, or to earn your income
    - electronic diaries
    - GPS
    - mobile or portable phones
    - portable computers
  - sporting equipment, unless it is being used.

**Your contents do NOT include**

- unset precious/semi-precious stones
- plants and trees growing outdoors, unless
  - they are growing in pots or tubs
- animals, including birds and fish
- pedal cycles while they are used for racing or pacemaking
- motor vehicles, caravans, trailers or aircraft other than model or toy aircraft
- registered motorcycles or mini-bikes
- unregistered motorcycles or mini-bikes over 125cc
- watercraft more than three metres long
- watercraft that are powered by a motor
- jet skis
- goods you use to earn an income at your home, unless
  - the goods are office and surgery equipment.

## What we will pay for contents

There are set maximum amounts that we will pay when you make a claim. These amounts are listed below and are included in your contents sum insured.

	THE MOST WE WILL PAY
<b>CONTENTS</b>	up to the contents sum insured as listed on your schedule (inclusive of GST) in total
any content item, pair, set, collection or system of contents items	\$20,000 (inclusive of GST) per item, pair, set, collection or system
office and surgery equipment - includes all battery-powered items, see below ▼	\$2,500 (inclusive of GST) in total
money and negotiable documents	\$500 (inclusive of GST) in total
watercraft less than 3 metres long that are not powered by a motor	\$5,000 (inclusive of GST) in total
accessories and spare parts for motor vehicles, motorcycles, mini-bikes, caravans, trailers and watercraft	\$500 (inclusive of GST) in total
<b>VALUABLE ITEMS INCLUDED IN CONTENTS</b>	up to \$2,000 (inclusive of GST), in total - this amount is included in your contents sum insured
any one item, pair, set, collection or system of valuables other than sporting equipment	\$1,000 (inclusive of GST) per item, pair, set, collection or system
battery-powered items	\$1,000 (inclusive of GST) per item
any one item, pair, set, collection or system of sporting equipment	\$1,000 (inclusive of GST) per item, pair, set, collection or system

Continued next page ►



continued... What we will pay for contents

#### Nominating the amount we will pay for contents

When you take out a contents policy, you must nominate the replacement value of your contents at today's prices. This is called your 'sum insured' and is listed on your schedule.

#### Increasing the amount we will pay for content items

You can increase the maximum amount we will pay for any content item, pair, set, collection or system, excluding items with maximum limits (see page 9), by nominating an amount that is higher than \$20,000. Your contents will be listed on your schedule as 'special contents'.

## Where your contents are covered

Your contents are only covered at your home.

**Contents**  
– at your home  
– at your home in the open air

We will cover your contents at your home for loss or damage as a result of an incident we have agreed to cover.

If your contents are at your home in the open air (not in a building that is fully enclosed) and they suffer loss or damage as a result of

- storm, rainwater or wind, or
- burglary or break-in

the most we will pay is up to \$1,000 (inclusive of GST) in total. This limit does not apply to swimming pools, saunas or spas, or their accessories.

## Fundamentals cover

We will cover your buildings or contents for loss or damage as a result of the incidents listed on the following pages.

If you make a claim, you will need to pay any excesses that apply – you will only need to pay this amount once per incident.

Any cover we provide is subject to exclusions.

For exclusions to this cover, see page 26 ►

### Accidental breakage

BUILDINGS  
CONTENTS

We will cover your buildings or contents for loss or damage when an item is chipped or fractured through its entire thickness.

If you have insured your buildings we will cover any

- fixed glass in your buildings, including – any window tinting or shatter proofing material attached to the glass
- fixed shower bases, basins, sinks, spas, baths and toilets.

If you have insured your contents we will cover any

- mirrors, glassware, crystal, crockery, unless – they are damaged while being used, cleaned or carried by hand
- glass in furniture, however – we will not cover glass that is part of a television, or a computer screen or monitor.

If you have insured your contents and live in a rental building, we will cover accidental breakage of fixed shower bases, basins, sinks, spas, baths and toilets, however

- this only applies when your rental agreement makes you responsible for these items.

## Burglary or break-in

BUILDINGS  
CONTENTS

We will cover your buildings or contents for loss or damage as a result of a burglary or break-in, or an attempted burglary or break-in.

We will only cover loss or damage as a result of a burglary or break-in following forcible and violent entry into your home. There must be evidence of the burglary or break-in.

We will NOT cover loss or damage as a result of a burglary or break-in by a tenant.

The burglary or break-in, or attempted burglary or break-in, must be reported to the Police.

## Deliberate or intentional acts

BUILDINGS  
CONTENTS

We will cover your buildings or contents for loss or damage as a result of a deliberate and intentional act.

We will NOT cover loss or damage as result of a deliberate or intentional act by a tenant.

## Earthquake or tsunami

BUILDINGS  
CONTENTS

We will cover your buildings or contents for loss or damage as a result of an earthquake or tsunami.

You must pay an additional excess of \$250.

We will only cover loss or damage as a result of an earthquake if the loss or damage occurs within 72 hours of the earthquake.

continued... Incident cover

## Fire or explosion

BUILDINGS  
CONTENTS

We will cover your buildings or contents for loss or damage as a result of a fire or an explosion.

We will NOT cover loss or damage caused by a bushfire or grassfire within 48 hours of the start date of your policy, unless

- you took out your insurance with us immediately after another insurance policy covering the same buildings or contents expired, without a break in cover
- you took out your insurance with us immediately after the risk passed to you as purchaser of your buildings
- you took out your insurance with us immediately after you signed a lease contract for your buildings.

## Impact damage

BUILDINGS  
CONTENTS

We will cover your buildings or contents for loss or damage as a result of an impact.

We will ONLY cover loss or damage caused by the impact of

- an aircraft, spacecraft or satellite, or – anything dropped from them
- a falling television or radio antenna mast or dish
- vehicles or watercraft
- an animal or bird that is not kept at your home, unless
  - the loss or damage is caused by any animal or bird eating, chewing clawing or pecking
- a falling tree or part of a tree, unless
  - the damage is caused when you, or someone else acting on your behalf, cuts down or removes branches from a tree.

We also pay the cost of removing and disposing of the fallen tree or parts.

## Landslide or subsidence

BUILDINGS  
CONTENTS

We will cover your buildings or contents for loss or damage as a result of a landslide or subsidence.

We will **ONLY** do this if the loss or damage occurs within 72 hours of

- an earthquake or explosion
- a storm, including rainwater or wind, or
- liquid escaping from a fixed pipe, or an object attached to a pipe, fixed gutter, fixed tank or a drain.

## Lightning or thunderbolt

BUILDINGS  
CONTENTS

We will cover your buildings or contents for loss or damage as a result of a lightning or thunderbolt.

## Riots or civil commotion

BUILDINGS  
CONTENTS

We will cover your buildings or contents for loss or damage as a result of riots, civil commotion, or industrial or political disturbances.

continued... Incident cover

## Storm, rainwater or wind

BUILDINGS  
CONTENTS

We will cover your buildings or contents for loss or damage as a result of storm, rainwater or wind.

We will **NOT** cover loss or damage caused by a named cyclone within 48 hours of the start date of your policy, **unless**

- you took out your insurance with us immediately after another insurance policy covering the same buildings or contents expired, without a break in cover
- you took out your insurance with us immediately after the risk passed to you as purchaser of your buildings
- you took out your insurance with us immediately after you signed a lease contract for your buildings.

We will **NOT** cover

- swimming pool covers, including
  - solar covers and plastic liners
- water entering your buildings
  - through an opening made for any building, renovation or repair work
  - because of a structural defect, faulty design or faulty workmanship when your buildings were constructed
- free-standing fences made of corrugated fibrous material that do not have a supporting frame, **unless**
  - they have been installed and constructed according to the manufacturer's specifications
- free-standing gates, fences or walls that are made of timber.

### Vandalism or a malicious act

BUILDINGS  
CONTENTS

We will cover your buildings or contents for loss or damage as a result of vandalism or a malicious act.

We will NOT cover loss or damage as a result of vandalism or a malicious act by a tenant.

### Water or liquid damage

BUILDINGS  
CONTENTS

We will cover your buildings or contents for loss or damage caused by water or liquid. We will also cover the cost of finding where the water or liquid escaped from, including the cost of repairing any damage that occurs while looking for the cause.

We will ONLY cover loss or damage as a result of water or liquid escaping from

- a fixed pipe or an object attached to a pipe, fixed gutter, fixed tank or a drain
- a bath, basin, sauna, spa, shower base or shower wall, sink, toilet or tiled floor that has drainage holes
- a washing machine or dishwasher
- an aquarium
- a waterbed.

We will NOT cover the cost of repairing the item that caused the escape of water or liquid.

## Additional cover included in this insurance

Your insurance includes a range of covers we refer to as 'additional cover'. These covers are listed on the following pages. The additional cover we provide depends on whether you have a buildings policy, contents policy or a combined buildings and contents policy.

The amount we will pay for these covers is in addition to the sum insured, as listed on your schedule.

If you make a claim for an additional cover, you will not need to pay an excess.

Any cover we provide is subject to exclusions.

For exclusions to this cover, see page 26 ►

### Alternative accommodation

BUILDINGS  
CONTENTS

If your buildings or contents suffer loss or damage and you are unable to live in your home as a result, we will cover the costs of alternative accommodation for up to 12 months.

The loss or damage must occur as a result of an incident we have agreed to cover.

If you have buildings insurance we will

- pay an amount that is equal to the weekly rental value of your buildings before the incident occurred
  - pay the reasonable costs of alternative accommodation for your pets
- up to 10 per cent of the buildings sum insured, as listed on your schedule.

Continued next page ►

continued... Additional cover included in this insurance

continued...  
Alternative  
accommodation

BUILDINGS  
CONTENTS

We will NOT cover this, or we will reduce the amount we pay if

- you receive any payment for rent from another source
- you do not need to pay for alternative accommodation.

If you have contents insurance, we will pay the reasonable costs of alternative accommodation, up to 10 per cent of the contents sum insured, as listed on your schedule.

We will NOT cover this, or we will reduce the amount we pay if

- we have paid you for rent following loss or damage to your buildings
- you receive any payment for rent or accommodation from another source
- you do not need to pay for alternative accommodation.

### Credit card and transaction card misuse

CONTENTS

If your credit cards or financial transaction cards are

- misused after they are stolen, or
- fraudulently used on the internet

we will pay the financial institutions that issued them, up to \$1,000 (inclusive of GST).

We will ONLY cover this if you have complied with the terms on which the credit cards or financial transaction cards were issued.

### Debris removal and demolishing

BUILDINGS  
CONTENTS

We will cover the reasonable costs to demolish and remove any debris that results from loss or damage to your buildings or contents, up to 10 per cent of your buildings or contents sum insured.

The debris must occur as a result of an incident we have agreed to cover.

### Mortgagee discharge costs

BUILDINGS

If you make a claim for the total loss of your buildings, we will cover any legal costs associated with the discharge of any mortgage you have left owing.

The total loss must occur as a result of an incident we have agreed to cover.

### Rebuilding fees

BUILDINGS

If your buildings suffer loss or damage, and need to be rebuilt as a result, we will cover the costs of employing an architect or surveyor, and also pay any legal fees that arise from the rebuilding, up to 10 per cent of your buildings sum insured.

The rebuilding must occur as a result of an incident we have agreed to cover.

## Replacing keys and repairs to, and re-coding of locks and barrels

BUILDINGS  
CONTENTS

If a key to an external door or window lock of your buildings is stolen, we will cover the reasonable costs to replace your keys and repair and re-code your locks and barrels up to \$1,000 (inclusive of GST).

The theft of the keys must occur as a result of an incident we have agreed to cover.

The theft must be reported to the Police.

## Sum insured

BUILDINGS  
CONTENTS

If we agree to pay you for a loss to your buildings or contents we will increase your sum insured for buildings or contents by the amount the Consumer Price Index (all groups) has increased since you took out your policy.

However, we will NOT increase your sum insured for special contents.

You will be fully insured again for your buildings or contents for the amounts shown on your schedule, **unless**

- your claim is for a total loss and we pay you the sum insured, then your policy comes to an end, subject to any continuing liability cover and no refund of your premium is due.

See also *Liability cover – when your buildings are a total loss*, page 22 ►

## Liability cover included in this insurance

We will cover your legal liability as a result of an incident that causes loss or damage to someone else's property, or death or bodily injury to other people, during your period of insurance.

Any cover we provide is subject to exclusions.

For exclusions to this cover, see page 27 ►

## Liability cover – general

BUILDINGS  
CONTENTS

We will cover liability claims up to \$20,000,000 (including GST) for any incident listed below.

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

If you have insured your buildings, including strata title or a similar scheme, we will cover you for the amount you have to pay as owner or occupier of the buildings.

If you have insured your contents and live in a rental building, we will cover you for the amount you have to pay as owner of your contents, or occupier of the building.

If you have insured your contents and you own part of the building that has been subdivided, we will cover you for the amount you have to pay as owner of your contents, or occupier of your part of the building.

Continued next page ►

continued...  
Liability cover  
- general

BUILDINGS  
CONTENTS

If you have insured your contents we will cover you for the amount you have to pay for any incident that happens anywhere in Australia.

We will NOT cover you for any amount you have to pay as owner or occupier of your buildings.

If you have insured your contents, we will cover you for any amounts you have to pay for any incident that happens anywhere in Australia arising out of the use of

- a watercraft that is less than 3 metres long and is not powered by a motor
- unregistered motorcycles or mini-bikes up to 125 cc, which do not require registration by law, unless
  - they are being used for racing or pacemaking.

Liability cover -  
when your buildings are a total loss

BUILDINGS

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

This cover will stop immediately if

- construction commences at the home
- you sell the land, or
- you take out a new buildings insurance policy for the home.

## Optional cover you can add to your policy

You can broaden the scope of your cover by adding any of the following options. You will need to apply for this cover and pay an additional premium. Any options that we agree to add to your policy will be listed on your current schedule.

Any cover we provide is subject to exclusions.

For exclusions to this cover, see page 26 ►

### Domestic Workers' Compensation

If you employ a person to do work around your home such as cleaning or gardening, you can add cover for the amount you are liable for if they are injured while working for you, subject to the relevant legislation in your State or Territory.

If you choose this option, it will be listed on your schedule as 'Domestic Workers' Compensation'.

You will need to check with your local Workers' Compensation Authority as this cover may be compulsory.

The cover only applies to employees doing domestic work for your household and will not cover any person that is working for you in your business, profession, trade or occupation or if you are a landlord.

An excess may apply to this option.

To find out who the insurer is for this option, see inside back cover ►

## Strata Title Mortgagee Protection

This option provides cover for your mortgagee following loss or damage to buildings that you own under a strata title or similar plan.

If you choose this option the individual amount you nominate and any excesses that apply will be listed on your schedule under 'Strata Title Mortgagee Protection'.

We will pay up to the amount you owe on your mortgage, but no more than the sum insured, as listed on your schedule.

We will pay this amount to your mortgagee, however

- the loss or damage must occur as a result of an incident we have agreed to cover.

We will ONLY pay this when the body corporate

- has not insured the buildings, or
- has not insured the buildings for the loss or damage you can claim for under this policy.

This option is available

- as an addition to a contents policy, or
- as a stand alone policy.

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Liability cover exclusions	27-28
General exclusions	28-29



## Exclusions to your cover

Any cover we provide is subject to the following exclusions.

### Fundamentals cover, Additional cover and Strata Title Mortgagee Protection exclusions

We will NOT cover any loss or damage as a result of, or caused by

- settling, shrinkage or any movement of earth
- erosion, rust, corrosion, gradual deterioration, depreciation, wear or tear
- rats, mice or insects
- roots from trees, plants, shrubs or grass
- any process of cleaning involving the use of chemicals other than domestic household chemicals
- a defect in an item, structural defects, or faulty workmanship or design
- breakage of mirrors, glassware, crystal, crockery or china while they are being used, cleaned or carried by hand
- malicious damage or vandalism by a tenant
- deliberate or intentional acts by a tenant
- theft by a tenant
- theft from any part of the buildings which you share with another person who is not insured under this policy
- mechanical or electrical breakdown
- flood
- landslide or subsidence, unless
  - we agree to cover the incident as described under 'Landslide or subsidence'
- water entering your buildings
  - through an opening made for any building, renovation or repair work
  - because of a structural defect, faulty design or faulty workmanship when your buildings were constructed.

### Liability cover exclusions

We will NOT cover any

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

We will NOT cover any liability as a result of, or arising from

- any alterations, repairs, renovations or additions to your buildings that cost more than \$75,000 (inclusive of GST)
- any personal profit or advantage that is illegal.

We will NOT cover any liability as a result of, or arising from

- any disease that is transmitted by you, or any member of your family who normally lives with you
- any business, profession, trade or occupation carried out by you.
- any agreement or contract you enter into, however
  - if you would have been liable without the agreement or contract, we will pay for that liability
- the use, removal of, or exposure to any asbestos product or products containing asbestos
- any act or omission that is dishonest, fraudulent, criminal, wilful or malicious

Continued next page ►

continued... Exclusions to your cover

continued...  
Liability cover  
exclusions

- any alleged or actual act or omission committed, or alleged to have been committed, prior to the commencement of the policy
- the use of a caravan or trailer when the caravan or trailer is attached to a motor vehicle or motorcycle
- the use of a motor vehicle, motorcycle, mini-bike, aircraft or watercraft, however we will cover liability that arises from
  - unregistered motorised golf buggies, ride-on mowers and wheelchairs.
  - model or toy aircraft
  - surfboard, sail board or surf skis
  - a watercraft that is less than 3 metres long and is not powered by a motor
  - unregistered motorcycles or mini-bikes up to 125 cc that do not require registration by law, unless they are being used for racing or pacemaking.

General  
exclusions

- We will NOT cover any loss or damage, or liability as a result of, or arising from
- any incident that does not occur within your period of insurance
  - landslide or subsidence, unless
    - we agree to cover the incident as described under 'Landslide or subsidence'
  - war or warlike activity, however
    - war does not need to be declared
  - hostilities, rebellion, insurrection or revolution
  - contamination by chemical and/or biological agents, which results from an act of terrorism
  - lawful destruction or confiscation of your property

Continued next page ►

continued... Exclusions to your cover

continued...  
General  
exclusions

- anything nuclear or radioactive
- mildew, atmospheric or climatic conditions
- damage to a heating element, however
  - we will pay for any loss or damage as a result of damage to a heating element.

We will NOT cover any loss or damage, or liability as a result of, or arising from

- deliberate or intentional acts by you, or anyone acting for you, to cause loss, damage or injury
- flood or storm surge
- erosion, the action of the sea, tidal wave or high water, unless
  - the loss or damage is the result of a tsunami.

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## Your duty of disclosure

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

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

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

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

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

### Who you are answering the questions for

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

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

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

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

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

- know, or
- could reasonably be expected to know, and is relevant to our decision whether to accept the risk of insurance and, if so, on what terms.

Your duty does not require disclosure of anything that

- diminishes the risk to be undertaken by us
- is of common knowledge
- we know or, in the ordinary course of business, ought to know, or
- is a matter that we indicate your duty has been waived by us.

Continued next page ►

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

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

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

## Your responsibilities when you are insured with us

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

### You must tell us if

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

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

In addition, you must also

- be truthful and frank in any statement you make in connection with your policy
- pay your premium, including paying instalments regularly
- take reasonable precautions to avoid a claim being made
- obey all laws and make sure anyone acting on your behalf obeys all laws
- follow the conditions of this policy

Continued next page ►

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continued... Your responsibilities when you are insured

- not make a fraudulent claim under this insurance policy or any other policy.
- 

## Your responsibilities when you are making a claim

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

### You must

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

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

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

## If you do not meet your responsibilities

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

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---

## The General Insurance Code of Practice

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

### The objectives of the Code are

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

### Our commitment to you

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

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

See back cover for contact details ►

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## Our Guarantee

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

### Fair Dealing Guarantee

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

### Money Back Guarantee

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

### Service Guarantee

We will provide you with the highest standard of service.

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## How we handle your personal information

We are committed to handling your personal information in accordance with the *Privacy Act*.

We need to collect, use and disclose your personal information in order to consider your application and to provide the cover you have chosen.

You can choose not to give us some or all of your personal information, but this may affect our ability to provide you with cover.

### When you provide your personal information to us

You acknowledge and consent to us collecting and using your information to

- consider your insurance application and any subsequent application for insurance
- underwrite and price any policy issued by us or our related entities
- calculate and offer discounts
- issue you with a policy
- administer the policy, and
- investigate, assess and pay any claim made by or against you.

For these purposes, you acknowledge and consent to us collecting your personal information from, and disclosing it on a confidential basis to your intermediary\* or the third party who you have been dealing with in respect to this insurance policy and who referred you to us, other insurers, our related entities, insurance reference bureaus, law enforcement agencies, investigators and recovery agents, lawyers, any credit provider that has security over your property, assessors, repairers, suppliers retained by us to supply goods and services, advisers, and/or the agent of any of these.

\*The intermediary is a company or individual through which you purchased this insurance, or the company named on the inside front cover of this booklet.

Continued next page ►

continued... How we handle your personal information

**When you provide personal information to us about another person**

You must be authorised to do so, and you must inform that person, unless informing them would pose a serious threat to the life or health of any individual

- who we are
- how we use and disclose their information, and
- that they can gain access to that information.

**Privacy of your personal information – for marketing purposes**

In order to enhance its relationship with you, your intermediary may use your personal information that you have provided us to offer you other products and services, which may be of benefit to you.

**When you provide your personal information to us - for marketing purposes**

You acknowledge and consent to your personal information being used on a confidential basis by us or your intermediary to contact you by mail, phone, or email to provide you information on offers, products and services or for planning, market research and product development.

In using your personal information for these marketing purposes, we and your intermediary may use and disclose your personal information to offer you our or your intermediary's products and services directly, or to any other organisation to carry out the above marketing purposes on our or your intermediary's behalf. However

- CGU Insurance Ltd (CGU Insurance) and your intermediary will not use your information in this way if you have already told CGU Insurance or your intermediary not to
- you must inform CGU Insurance or your intermediary if you do not want your personal information disclosed or used for these marketing purposes.

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## How to apply for insurance

- ① If you are taking out a policy with us for the first time, contact us or your insurance adviser, or apply online at [www.cgu.com.au](http://www.cgu.com.au). You can also send correspondence to GPO Box 9902, in your capital city

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

- ② Pay your premium

See *Your premium*, page 42 ►

See *Your responsibilities when you are insured with us*, page 33 ◀

## How to renew your insurance

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

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

If you have any questions, contact us or your insurance adviser

- ② Review the proposed policy and premium we offer

If you paid your last premium by instalments, we will continue to deduct payments from your nominated account. If you paid your last premium in one lump sum, we must receive your payment by the due date, otherwise your buildings or contents will not be insured.

- ③ Pay your premium

See *Your premium*, page 42 ►

## How to cancel your policy

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

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

## How to change your policy

- ① Contact us or your insurance adviser to change or vary your policy

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

- ② Check the changes

- ③ Pay your premium if it has increased

We will tell you if your premium has increased. If you pay your premium by instalments, we will adjust your instalments and continue to deduct the new amount from your nominated account. If you pay your premium in one lump sum, we must receive your additional payment within one month.

## If you move to a new home

- ① If you have buildings insurance and you move permanently to a new home within Australia

You must contact us or your insurance adviser if you would like to insure your buildings at your new home.

- ② If you have contents insurance and you move permanently to a new home within Australia

We will cover your contents at both your original home and your new home for 14 days, starting from the date you start moving your contents to your new home.

You must tell us that you are permanently moving your contents to a new home within 14 days from the day you first start to move.

We will advise you if there are any changes to your premium or the terms of your insurance.



## Your premium

### ① How we calculate your premium

We will base your premium on the type of cover you have chosen, including any options that you have added, your sum insured, the excess, the type, location, construction and age of your buildings or contents, the level of security you have, your previous insurance and claims history, and any special conditions that we have applied.

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

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

### ② How to pay your premium

You can pay your premium in one lump sum, or by instalments.

If you pay your premium in one lump sum, you can pay by cash, cheque or credit card.

If you pay your premium by instalments, you can pay by credit card or by direct debit from a nominated account.

We may cancel your policy if

- you do not pay your premium
- your cheque or credit card is dishonoured by your financial institution, or
- you pay your premium by instalments and you are more than one month behind.

We may refuse to pay a claim if

- you pay by instalments and at least one instalment of the premium has remained unpaid for a period of at least 14 days.

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## How to make a claim

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

We will need

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

- ② Contact us or your insurance adviser to make a claim

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

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

We will give you immediate advice and assistance with your claim, 24 hours a day, 7 days a week.

We will ask you a range of questions to help us assess your claim. We may

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

- ③ If you need emergency repairs

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

To find out how we settle a claim, see next page ►

## How we settle a buildings claim

- ① We will decide how we will settle your claim

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

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

If we do, we will

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

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

- ② You must pay any excess that applies

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

If you are claiming for any loss or damage that occurs as a result of an earthquake or tsunami, you will need to pay an additional excess of \$250. This loss or damage must occur within 72 hours of the earthquake.

For the excess that may apply, see your current schedule ►

Continued next page ►

continued... How we settle a buildings claim

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

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

③ If we decide to repair or rebuild your buildings and your current schedule shows 'including replacement benefit'

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

If we rebuild your buildings, we will also pay the amounts that you need to pay to ensure your buildings comply with government legislation and local authority bylaws, unless

- you were required to pay these amounts before the loss or damage occurred, and you did not do so.

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

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

④ If we decide to repair or rebuild your buildings and your current schedule does not show 'including replacement benefit'

We will

- repair your buildings to the condition they were in just before the loss or damage occurred
- pay you the cost of repairing your buildings to the condition they were in just before the loss or damage occurred, or
- pay you what the value of the land and your buildings was just before the loss or damage occurred, after deducting the amount we estimate as the value of your land and buildings after the loss or damage occurred.

Continued next page ►

⑤ After we agree to settle a claim

The repair or rebuilding work on your buildings must start within six months of the loss or damage occurring, otherwise you will have to pay any increase in cost caused by the delay.

If the work does NOT commence in this period, we will do one of the following

- repair your buildings to the condition they were in just before the loss or damage occurred
- pay you the cost of repairing your buildings to the condition they were in just before the loss or damage occurred, or
- pay you what the value of the land and your buildings was just before the loss or damage occurred, after deducting the amount we estimate as the value of your land and buildings after the loss or damage occurred.

⑥ If your building is a total loss

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

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

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

See also *Liability cover – when your buildings are a total loss*, page 22 ◀

## How we settle a contents or valuable items claim

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

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

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

If we do, we will pay up to

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

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

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

To find out what we will pay, see page 9 ◀

### ② You must pay any excess that applies

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

If you are claiming for any loss or damage that occurs as a result of an earthquake or tsunami, you will need to pay an additional excess of \$250.

This loss or damage must occur within 72 hours of the earthquake or tsunami.

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

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

For the excess that may apply, see your current schedule ▶

Continued next page ▶

### ③ If we decide to repair your contents or valuable items

We will repair the damaged item to the condition it was when new.

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

### ④ If we decide to replace your contents or valuable items

We will replace the item with the nearest equivalent new item.

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

We will NOT pay to re-carpet adjoining rooms, or your entire home.

Any salvage becomes our property.

### ⑤ If we decide to pay you the cost to repair or replace your contents or valuable items

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

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

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

Any salvage becomes our property.

## How we settle a strata title mortgagee claim

### ① What happens if your buildings are damaged?

If your buildings suffer damage we will pay the mortgagee the cost to repair that part of your buildings that suffered damage.

The most we will pay is the amount you owe on your mortgage, but no more than the amount listed on your schedule as the sum insured for strata title mortgagee protection.

### ② If your building is a total loss

If your building is a total loss we will pay the mortgagee up to the amount you owe on your mortgage, but no more than the amount listed on your policy schedule as the sum insured for strata title mortgagee protection.

### ③ You must pay any excess that applies

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

For the excess that may apply, see your current schedule ►

## How to resolve a complaint or dispute

### ① Talk to us first

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

See back cover for contact details ►

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

### ② Seek a review

If the matter is still not resolved, the manager will refer you or your insurance adviser to the relevant internal dispute resolution area who will conduct a review of your dispute.

If you are still not satisfied with the decision, you can go to step 3.

### ③ Seek an external review

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

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

See back cover for contact details ►



**burglary**

- theft or any attempt at theft following actual forcible and violent entry to your buildings, or
- theft following the threat of immediate violence or violent intimidation (including armed hold-up).

**endorsement schedule**

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

**excess**

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

**fixtures and fittings**

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

**flood**

the covering of normally dry land by water escaping or released from the normal confines of a watercourse or lake, whether or not it is altered or modified. Flood also includes water escaping from the confines of any reservoir, channel, canal or dam.

**goods you use for earning your income**

stock and tools of trade. You would normally receive a tax deduction for these items. They do not include office and surgery equipment.

**incident**

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

**malicious act**

an act done with intent and without your consent.

**office and surgery equipment**

items that are normally needed in an office or surgery that you use for earning your income in your own business. You would normally receive a tax deduction for these items. They do not include tools of trade.

**period of insurance**

the length of time between the start date and end date of your policy, as listed on your current schedule.

**pet**

a domestic animal that you keep in your home or at your home.

**premium**

the total amount you pay for your insurance that includes applicable government taxes such as GST, and any duties or charges payable by you. It is shown on your current schedule. You can pay your premium annually in one lump sum, or by instalments.

**schedule**

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

**special conditions**

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

**sporting equipment**

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

**strata title**

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

**sum insured**

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

**Supplementary Product Disclosure Statement (SPDS)**

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

**terrorism**

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

**total loss**

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

**unoccupied home**

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

**us, we and our**

refers to:  
CGU Insurance Limited  
ABN 27 004 478 371.

**you and your**

the person or people named as the insured on your current schedule.

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

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

**your buildings**

buildings that you own or are legally responsible for.

**your contents**

contents that you own or are legally responsible for.

**your contents at your home in the open air**

contents at your home that are not in a fully enclosed building (e.g. carport).

**your home**

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

**your policy**

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

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



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**The insurer - Domestic Workers' Compensation**

If your home is in Western Australia, Tasmania or the Northern Territory, the insurer providing the Domestic Workers' Compensation optional cover is Insurance Australia Limited trading as CGU Workers Compensation, ABN 11 000 016 722.

This booklet contains information about CGU's insurance products and services. The information was current at the date of preparation. More information about CGU's products and services, and up-to-date information may be available by calling 13 15 32 or visiting [cgu.com.au](http://cgu.com.au). We will also give you a free paper copy of any updates if you request them. If it becomes necessary, we will issue a supplementary or replacement PDS. © 2008



Insurer  
**CGU Insurance Limited**  
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## claims contact

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1300 657 083

Regional and  
rural enquiries:  
1300 657 119

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