



Cover your investment property.

Tailored Landlords Insurance



INSURANCE

RAC members are happier

RAC Insurance Landlord Policy

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Part 1

Product Disclosure Statement (PDS)

The Purpose of the PDS

This PDS is an important legal document designed to provide you with information you might need to make a decision whether to purchase an RAC Insurance Landlord Policy.

Your current Policy Schedule forms part of this PDS and Policy Wording and together these form the basis for your insurance cover. You should read these documents to ensure the cover suits your needs. Policy terms are set out in full in Part 2 of this PDS and Policy Wording starting from page 15.

This PDS is dated 1 August 2006 and its contents are effective on and from 1 October 2006.

Who is the Insurer

The insurer and the issuer of the Policy and this PDS is RAC Insurance Pty Ltd (RAC Insurance) ABN 59 094 685 882. RAC Insurance is an authorised general insurance company and is Australian Financial Services Licensee No 231222.

RAC Insurance is jointly owned by RACI Pty Ltd (ACN 40 008 671 805) (an RACWA Group Company) and Vero Insurance Limited (ACN 005 297 807).

RAC Marketing and Distribution Pty Limited (an RACWA Group Company) is a corporate authorised representative of RAC Insurance and its ASIC authorised representative registration number is 238025. It and certain of its employees are authorised to provide general advice and to arrange and enter into contracts of insurance on behalf of RAC Insurance.

RAC Marketing and Distribution Pty Limited have issued this Policy under a binder granted by RAC Insurance permitting it to issue insurance policies on behalf of RAC Insurance as if it were RAC Insurance.

How to contact us

You may contact RAC Insurance by writing to RAC Insurance Pty Ltd, PO Box C140, Perth WA 6839.

Important terms explained

When used in this PDS certain terms have a specific meaning. These are set out below:

Excess: means the amount you may have to contribute if you make a claim. There may be more than one type of excess. The amount and type of excess are shown on your Policy Schedule. You must pay the excess on each claim that you make.

Home or Home Building: means the buildings located on the site used primarily as a place of residence.

Insured Events: means the 12 events listed in the Policy Wording in Part 2 of this PDS on pages 20 to 23, which may cause unforeseen or unintended loss, destruction or damage.

Policy Schedule: the most recent insurance schedule we have given you that shows the insurance you have selected, the amount you are insured for and when the Policy starts and expires.

Premium: means the amount you pay for your insurance. This includes GST and stamp duty.

Sum Insured: means the maximum amount that we will pay for a claim as shown on your Policy Schedule.

Site: the land on which the Home is located.

Significant features and benefits

You should consider the covers available and select the ones that fit your circumstances. Prior to making any decisions on which cover to choose, you should read this PDS and Policy Wording.

RAC Insurance offers Home Building Insurance for investment homes and includes cover for fixtures and fittings to the value of \$10,000. You can also elect to purchase Home Contents Insurance for furnished investment homes.

The cover you choose will be shown on your Policy Schedule. The summary below highlights some of the significant features and benefits of each cover. There are limitations and exclusions that apply so you should refer to the Policy Wording for the full details of the insurance cover.

Policy 1 Home Building Insurance

If you select this cover you are covered for loss, destruction or damage to the Home caused by an insured event during the period of insurance.

Policy 2 Home Contents

If you select and purchase this cover you will be insured for loss, destruction or damage to the contents of the Home whilst they are in the Home and on the site where the loss, destruction or damage is caused by an insured event.

Features and Benefits You are insured for	Home Building Insurance Policy	Home Contents Insurance Policy
Legal Liability up to \$10,000,000 inclusive of legal costs for incidents that occur in the Home or at the Site which cause death, or bodily injury or damage to other's property.	✓	✗
Cover for Rent if the home becomes uninhabited as a result of an insured event, loss of rent is covered for up to twelve months.	✓	✗
Cover for loss of rent where a tenant defaults, after 4 weeks, for up to 12 weeks rent to a maximum of \$3,000.	✓	✗

Features and Benefits You are insured for	Home Building Insurance Policy	Home Contents Insurance Policy
Cover for theft, attempted theft or malicious damage caused by a tenant or their guest/s up to \$10,000.	✓	✓
Cover for landlords' fixtures and fittings up to \$10,000.	✓	✗
Statutory Authority Requirements	✓	✗
Incidental Expenses	✓	✗
Mortgage Discharge	✓	✗
Accidental Glass Breakage	✓	✓
Fusion to domestic electric motors.	✓	✓
At Our option we may pay up to \$800 to re-code or re-key door and window locks when the keys have been stolen from your Home.	✗	✓

Excess

When you make a claim you will be asked to pay an excess. The amount and types of excess are 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.

We will decide whether you will pay the excess to us or to a third party such as a repairer.

The different types of excess

Basic Excess: You will be asked to pay a basic excess of \$100 on each Building and Contents claim.

Earthquake Excess: In addition to the basic excess you must pay the first \$500 of any claim for destruction or damage to the home if the damage is caused by an earthquake during any one 72 hour period.

Flood Excess: In addition to the basic excess you must pay the first \$200 of every claim you make for loss, destruction or damage caused by a flood.

Imposed Excess: In addition to the basic excess, we may apply an imposed excess to your Policy. The amount of any imposed excess will be based on your individual risk details and claims experience. This amount will be applied to your Policy from inception date or from your renewal date. If there is an imposed excess the amount will be shown on the Policy Schedule.

Malicious Damage/Theft Excess: In addition to the basic excess you must pay the first \$300 of every claim you make for destruction, loss or damage as a result of malicious damage or theft by the tenant/s or their guest/s.

When benefits are available

You can claim on the insured benefits when an insured event occurring during the period of your insurance causes you to suffer loss, destruction, damage, or to incur legal liability.

Cover your Building and/or Contents for the replacement cost

It is important that you should insure for the full replacement cost of your Building and Contents. Should the Building and Contents be totally destroyed you may not have sufficient cover to rebuild or refurnish to the same standards.

To assist you to calculate what value to insure your Building and Contents for, RAC Insurance provides building and contents calculators. You can access them at rac.com.au.

Calculating what premium you pay

When calculating your premium we consider many factors including the cover requested, your age, sum insured, the location of the Home, the construction of the Home, security precautions taken, and whether you choose to pay your premium in instalments. Government charges are then added to the premium to calculate the final amount payable.

If we offer to renew your policy, the amount of your premium will be shown on your renewal notice or policy schedule which you receive prior to the renewal policy expiry date. The premium is subject to change if any of your details change and those details are relevant to our decision of whether to insure you and, if so, on what terms.

The following table is a guide to the significant factors which we take into account in determining your premium and how these factors impact on the amount of your premium. Please note that the factors identified below are significant factors only – there may be additional factors which can also impact upon your premium which are not identified below. The way in which different factors impact your premium may change from time to time.

Rating Factor	Lower Premium	Higher Premium
The suburb you live in	Low risk suburb	High risk suburb
The sum you are insured for	Low sum insured	High sum insured
What your Home is constructed from	Brick	Timber
Your claims history	Nil claims in immediate past policy term	Made one or more claims in past policy terms
Home Usage	Private domestic dwelling	Investment property
How your Home is secured	Alarm or monitored alarm	No alarm
How you pay	For the whole year at once	By monthly/half yearly instalment a 10% loading will apply to the annual premium

Other fees and charges

In addition to the premium and the excess, you may have to pay other fees and charges.

Cancellation Fee – If the Policy is cancelled during the currency of the Policy, a 10% cancellation fee will apply.

Instalment payments – If you pay your premium by instalments (6 monthly or monthly), a 10% premium loading will apply. This amount is included in the premium shown on your Policy Schedule.

Instalment default loading: Where multiple instalment payments have been rejected in a policy term, renewal may be invited with an additional 10% administration loading.

GST

This Policy is subject to GST. If you are registered for GST you may be able to claim an Input Tax Credit in respect of the GST we collect from you. Please refer to page 31 of this PDS and Policy Wording.

If you are unsure about the taxation implications of your Policy you should seek advice from your accountant or tax professional.

How to make a claim

In the event of loss, destruction or damage to the property please contact Claims First Assist on 13 17 03 for assistance or visit any RAC branch.

“Cooling off period”

If you are not completely satisfied with your Policy, you can cancel it within 28 days of the start date (“cooling off period”) and receive a full premium refund providing no claims have been made.

You have the right to cancel the Policy at other times but you will not receive a full refund of premium. Please see “Cancellation of this Policy” on page 36 of this PDS and Policy Wording.

Updating our Product Disclosure Statement and Policy Wording

The information contained in this Product Disclosure Statement and Policy Wording is current at the time of preparation. There may be more up to date information available and you may obtain this by calling 13 17 03 or by visiting our website rac.com.au. If you request a paper copy of any updates we will provide these free of charge. If it becomes necessary, we will issue a Supplementary or replacement Product Disclosure Statement.

This Product Disclosure Statement and Policy Wording was prepared on the 1 August 2006 and its contents are effective on and from 1 October 2006.

General Insurance Code of Practice

RAC Insurance participates in the General Insurance Code of Practice. This is a scheme to provide a better understanding between policyholders and their Insurance Company. The scheme requires Insurance Companies to have documented Internal Complaint and Dispute Resolution procedures for policyholders who feel they have been treated unfairly by their Insurance Company. The scheme is a free service provided by Insurance Companies.

Complaint & Dispute Resolution Procedure

We have an internal process to assist you if you feel you, or anyone claiming against you feels they have been treated unfairly by us.

Your or their complaint will be reviewed by a person who has the authority to alter a prior decision.

How to get help

Step 1. Talk to a Customer Service Consultant or, if it is in relation to a claim, the Claims Officer managing your claim. If your concerns are not resolved then the matter will be referred to a Team Leader or a Manager who will review the issue and respond to you within fifteen business days. We will agree reasonable alternative timeframes if we need to get relevant information or complete an investigation.

Step 2. If the matter is still not resolved to your satisfaction you can ask the Team Leader or a Manager to refer your dispute to our Dispute Resolution Manager for review.

The Dispute Resolution Manager will respond to you within 15 business days. We will agree on a reasonable alternative timeframe if we need additional time. We will keep you informed of the progress of our review of your dispute at least every 10 business days.

The decision of the Dispute Resolution Manager is the final review undertaken by RAC Insurance.

If you are not satisfied you can refer the matter to The Insurance Ombudsman Service, which is an independent external procedure. The Service can review most disputes and we will advise you what action you can take for matters not referable to the Service.

The Insurance Ombudsman Service

The service is free to policyholders. A fee and conditions apply to third party claims.

How to use the Service

First make sure that you have given us a reasonable chance to resolve your dispute.

If you are still not satisfied, you can lodge your dispute with the Service within three months of us informing you of our final decision.

Your dispute will be investigated by a Case Manager. A panel, adjudicator or Referee will make a decision and inform you and us of their decision. The decision will be binding on us but not on you. You have one month to decide whether you want to accept the determination.

If you do not accept the decision within this period, then the determination will not be binding on us.

The Insurance Ombudsman Service can be contacted by:

Telephone: 1300 780 808

Mail: Insurance Ombudsman Service Limited
P O Box 561 Collins St West,
Melbourne VIC 8007

Email: ios@insuranceombudsman.com.au

Privacy

We collect, store and use your personal information in accordance with the Privacy Act.

We may use your personal information to update you on our other products and services. We may pass on your personal information to other entities for promotional purposes. These entities may be associated with us, operate under the RAC Brand, or be agents, contractors or allied organisations. You may stop your personal information from being used for this purpose at any time by contacting us on 13 17 03.

If you make a claim under this Policy we may pass on your personal information to our assessors, investigators, repairers, suppliers, contractors, other insurance companies, our related companies, legal and professional advisers, for the purposes of dealing with your claim. By taking out this Policy you agree to us disclosing your personal information to these organisations and individuals. Your failure to consent to this disclosure may mean that we cannot provide you with benefits under the Policy.

If the interest of a financier is noted on this Policy and this Policy is not renewed due to non-payment, or is cancelled during the currency of the Policy, by taking out this Policy, you consent to RAC Insurance providing details of the non-renewal or cancellation to the financier.

You have a right of access to your personal information. Please call 13 17 03 for further details.

Policies where premiums are paid by instalments

If you have elected to pay your Policy premium by instalments, the premium you pay will include an additional amount and you should refer to page 8 of this PDS and Policy Wording.

If you pay by instalments, we have the right to:

- refuse to pay your claim if an instalment has remained unpaid for more than 14 days;
- cancel this Policy from the date the instalment was due for payment if the instalment remains unpaid for more than 1 month.

If you pay your instalments by direct debit from your bank account or credit card and if your bank account or credit card details change, you will need to advise us of your new bank account or credit card details not less than 2 business days before your next instalment is due.

If you have elected to pay your premium by instalments and the payment dishonours due to lack of funds in your account, we may charge you for any direct or indirect costs which we incur, arising from the payment being dishonoured.

Direct Debit Service Agreement

- RAC Insurance Pty Limited, ABN 59 094 685 882 ("Debit User") will initiate direct debit payments as instructed and in accordance with this service agreement.
- Debit payments will be made on or around the date due. The Debit User will not issue individual confirmation of payments made.
- The Debit User will give the customer not less than 14 days written notice if the Debit User proposes to vary details of this arrangement, including the amount and frequency of payments.

- If the customer wishes to defer any payment (they must give at least 2 business days notice), or alter any of the details referred to in the Schedule, the customer must either telephone the Debit User on 13 17 03 or write to the Debit User at GPO Box C140, Perth WA 6839.
- Any queries concerning disputed debit payments must be directed to the Debit User in the first instance. Customers may obtain details of the claims process by contacting the Debit User on 13 17 03 or at any RAC Branch.
- Direct debiting is not available on the full range of accounts at all financial institutions. If in doubt, the customer should check with their financial institution before completing this Direct Debit Request.
- The customer should ensure that the account details given are correct by checking them against a recent statement from the financial institution at which the account is held.
- It is the customer's responsibility to have sufficient cleared funds available in the account to be debited to enable debit payments to be made.
- If a debit payment falls due on any day which is not a business day, the payment may be taken on the last business day prior to the due day or will be made on the next business day.
- If a debit payment is returned unpaid, the customer may be charged a fee for each unpaid item.
- Customers wishing to cancel this Direct Debit Request or to stop individual debit payments must give at least 7 business days notice to the Debit User.

Except to the extent that disclosure is necessary in order to process debit payments, investigate and resolve disputed transactions or is otherwise required by law, the Debit User will keep details of the customers account and debit payments confidential.

Important information

It is important that you fully understand the cover provided by this Policy and we suggest that you read the entire Policy Wording.

This Policy does not cover you for everything that can cause damage to your Home building. In addition you can select cover for your Home Contents but only if your Home Building is insured with us, **PLEASE READ THE POLICY CAREFULLY AND IF THERE IS SOMETHING YOU DO NOT UNDERSTAND, PLEASE CONTACT US.**

You should place your PDS, Policy Wording and current Policy Schedule in a safe place.

You should keep any evidence of value of property and proof of ownership (receipts, valuations, owner's manual or warranty books etc) as we may ask you to provide them if you make a claim. If you cannot prove that you owned an item we may not pay you for it.

Part 2

Policy Wording

RAC Insurance Landlord Policy

Under this Policy you can select cover for your Home Building. In addition You can select cover for Your Home Contents but only if the Home Building is insured with Us. The cover you have selected will be shown on the current Policy Schedule.

Your "Plain English" Home BUILDING and Home CONTENTS POLICY consists of:

- this booklet which contains our standard Home Building, and Home Contents Policy Wording, and
- the Policy Schedule issued by us when you take out, renew, or change your insurance.

Duty of disclosure

Before you enter into this contract of insurance with us, you must tell us anything that you know, or a reasonable person in the circumstances could be expected to know, which is relevant to us in deciding whether to insure you and, if so, on what terms. You must do this each time you renew or change your Policy. **IF YOU ARE UNSURE ABOUT SOMETHING THEN TELL US.**

If you do not tell us about anything that you know which is relevant we may:

- refuse to pay a claim, or
- reduce the amount of your claim, or
- cancel your Policy, or
- treat your Policy as if it never existed (if you intentionally kept information from us).

Definitions

“Accessory”

Means an item designed for use on your motor vehicle, caravan, or watercraft whilst not attached to the motor vehicle, caravan or watercraft.

“Agent”

Someone who acts on your behalf to arrange and manage the rental of the Home, including the collection of rent.

“Asbestos”

Includes asbestos fibres and any derivatives of asbestos.

“Basic Excess”

The amount shown on the current Policy Schedule which you have to contribute towards each claim.

“Bond”

An amount of money paid by a Tenant as security for the Landlord’s losses in respect of any breaches of the Rental Agreement.

“Contents” or “Home Contents”

Are any items owned by You that are left in the Home Building for use by the Tenant and are used solely for private and domestic purposes.

This includes:

- furniture and furnishings,
- carpets whether fixed or unfixed, floor rugs and curtains,
- domestic appliances that are not built in.

But does not include:

- animals,
- clothing and personal effects,
- collectables or curios,
- collections of any kind,
- gold or silver items,
- jewellery, including watches,

- negotiable instruments,
- photographic equipment,
- sporting equipment,
- tools of trade,
- vehicles, watercraft both motorised or non motorised, aircraft and their associated accessories or equipment,
- works of art,
- plants, shrubs, trees.

“Flood”

The inundation of normally dry land by water overflowing from the normal confines of any natural or artificial watercourse, lake, reservoir, canal or dam.

“Good Repair and Condition”

Watertight, structurally sound, secure and well maintained, unless you can show us that it was reasonable on your part to have been unaware of the condition.

“Home” or “Home Building”

Buildings located on the Site that are rented to a Tenant and used for private and domestic purposes and this includes:

- Residential flats and home units, including any lockable storage compartment reserved for your Tenant’s exclusive use in any area of the Site of which the flat or home unit forms a part,
- domestic outbuildings,
- fixtures or structural improvements including floating flooring,
- fences, gates or retaining walls,
- built-in furniture,
- light fittings,
- external blinds or awnings,
- inground swimming pools or spas,
- service pipes, cables and meters (whether in ground or not) that You own or are legally liable for.

“Home” or “Home Building” does not include:

- hotels, motels or boarding houses,
- caravans or mobile homes,
- display homes,
- more than one home building under the same strata plan,
- carpets or floor rugs,
- internal blinds or curtains,
- plants, shrubs or trees,
- buildings in the course of construction.

“Imposed Excess”

A further amount that has been imposed by Us that you have to contribute towards a claim.

“Insured Events”

The events listed in the Insured Events section of this Policy.

“Landlord”

A person with a financial interest in the Home who has the authority to allow a tenant the right to occupy the Home under a current valid Rental Agreement and is the named policy holder on the Policy Schedule.

“Landlord Fixture and Fittings”

Items that are permanently attached or fixed to the Home Building or items that can be removed from the Home Building up to a maximum value of \$10,000.

This includes:

- Stoves,
- Built in air conditioners,
- Light fittings,
- Window furnishings,
- Carpets whether fixed or unfixed.

“Loss of Rent”

The rent that You lose as a result of the Home not being able to be lived in whilst being repaired/rebuilt as a result of an Insured Event.

“Open Air”

Means any area at the Site that is not fully enclosed by walls and a roof and not able to be secured.

“Reinstatement”

Reinstatement by way of repair or restoration to a condition as near as possible to the former condition, but not better or more extensive than the condition when new.

“Re-let”

When the Home is rented out again after a previous Rental Agreement has ceased.

“Rent”

The amount of money payable on a regular basis by the Tenant to lease or rent the Home as set out in the Rental Agreement.

“Rental Agreement”

A current valid written agreement between the Landlord and the Tenant that details the terms and conditions of the tenancy including the rental period, the amount of rent payable, and the amount of bond that a tenant is required to pay. Once the fixed term of the tenancy ends, the rental agreement becomes a continuing agreement with the same terms and conditions.

“Rent Default”

The rent You lose when the Tenant defaults on Rent payments, including when a Tenant leaves without giving the notice required under the Rental Agreement or the Tenant is declared bankrupt.

“Replacement”

Replacement shall be by equivalent property in new condition.

“Site”

The land on which the Home Building is located, and the yard or garden immediately surrounding the Home (to the extent that the land, yard or garden is used only for domestic purposes) at the address stated in the current Policy Schedule.

“Sum Insured”

The maximum amount that We will pay for a claim as shown on the Policy Schedule.

“Tenant”

The person/s named in a current valid written Rental Agreement who has been granted the right to occupy the Home and any other person who permanently resides at the Home.

“Terrorism”

Terrorism means an act including but not limited to the use of force or violence and/or threat, of any person or group of persons done for or in connection with political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public in fear.

“Us” “We” “Our”

RAC Insurance Pty Ltd.

“You” “Your”

The person/s named as the Insured in the current Policy Schedule.

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

“Your Family”

Your spouse, your defacto, Your children, Your spouse’s children, Your defacto’s children and any other member of Your family who permanently resides with You.

Insured events

If You have purchased Home Building Insurance or you have selected and purchased Home contents insurance as shown on the Policy Schedule We will cover you for destruction, loss or damage to the Home Building and/ or Home Contents caused by:

(a) STORM and TEMPEST

- We will not pay more than \$1500 for loss to Home Contents whilst in the open air,
- We will not cover any loss, destruction or damage caused by:
 - water or wind entering through an open window or door,
 - wind to gates, fences, freestanding walls, shade cloth, patio or pergola roof coverings which are not maintained in good repair and condition,
 - storm for the first 48 hours after the start of this Policy except where:
 - risk passed to you as purchaser of the Home, or
 - the Policy commenced immediately after another Policy covering the same risk expired without a break in cover.

(b) FLOOD

- But you must pay the first \$200 of each and every claim in addition to any other applicable excess,
- We will not cover any loss, destruction or damage caused by flood for the first 48 hours after the start of this Policy except where:
 - risk passed to you as purchaser of the Home, or
 - the Policy commenced immediately after another Policy covering the same risk expired without a break in cover.

(c) LIGHTNING or THUNDERBOLT

(d) FIRE

- We will not cover any loss, destruction or damage caused by bush fire for the first 48 hours after the start of this Policy except where:
 - risk passed to you as purchaser of the Home, or
 - the Policy commenced immediately after another Policy covering the same risk expired without a break in cover.

(e) EXPLOSION

(f) MALICIOUS DAMAGE

• **By tenant or their guest/s.**

We will cover malicious acts by your Tenant or the Tenant's guests up to a maximum of \$10,000 less the malicious damage/theft excess and any other applicable excesses that will be shown on the Policy Schedule.

• **Malicious damage by persons other than the Tenant or the Tenant's guests.**

Damage to the Home Building and Home Contents if this cover is shown on the Policy Schedule, will be repaired, replaced or rebuilt less the basic excess and any other applicable excess that will be shown on the Policy Schedule.

(g) The IMPACT of:

- An AIRCRAFT,
- A VEHICLE,
- A WATER-BORNE CRAFT,
- SPACE DEBRIS or DEBRIS from an AIRCRAFT, ROCKET or SATELLITE,
- An AERIAL (EXCLUDING damage to the aerial),
- An ANIMAL (other than an animal kept on the Site or a domestic animal).

(h) The IMPACT of a FALLING TREE or BRANCH

- We will not cover destruction or damage which is caused by tree-felling or tree-logging at the Site, and
- We will not cover removal of the tree and/or its debris, other than when destruction or damage covered by the Policy is sustained.

(i) The ESCAPE of any LIQUID from any FIXED APPARATUS, FIXED TANKS or FIXED PIPES used to hold or carry any kind of liquid:

- We will not cover damage and associated repairs to the apparatus, tanks or pipes.

(j) RIOT, CIVIL COMMOTION

(k) EARTHQUAKE

- You must pay the first \$500 of a claim in addition to any other applicable excess for destruction or damage to the Home which is caused by an earthquake during any one period of 72 consecutive hours.

(l) Destruction, loss or damage caused by Theft or any attempted Theft:

• **By the tenant or their guest/s:**

Is provided up to a maximum of \$10,000 less the malicious damage/theft excess and any other applicable excesses that will be shown on your policy schedule.

• **By person/s other than tenant/s or their guest/s:**

Is covered up to the sum insured shown on the Policy Schedule less any applicable policy excesses.

We will not cover attempted theft or theft:

- of cash or negotiable instruments,
- of Home Contents whilst being lent to a third party, by a person authorised by You or Your Family,
- by You or Your Family,
- of Home Contents in the open air in excess of \$1500.

Policy 1 - Home building policy

If you have purchased Home Building cover this will be shown on the Policy Schedule and We will cover Your Home Building for loss, destruction or damage caused by the Insured Events up to the sum insured.

We will apply the Basic Excess shown in the Policy Schedule together with any other applicable excess for each claim made under this section of the Policy.

RENT DEFAULT

If Your Tenant stops paying rent to You or Your Agent, we will pay You for up to twelve weeks, the rent amount that is specified in your rental agreement subject to:

- A total maximum payment of \$3,000;
- Claims for rent default start from week 5 from the time the Tenant defaulted and You will be the bearer of the loss of the first four weeks rent;
- You must have a current written Rental Agreement that states:
 - The term of the rental period;
 - The amount of rental payable; and
 - The amount of bond payable by the Tenant.

Additional Cover

If a claim is met under this Section of the Policy We will provide you with cover for the following related expenses. Any amount that we may pay for related expenses is in addition to the Sum Insured.

Loss of Rent After an Insured Event

We will pay You the rent You lose for up to twelve months while Your Tenants cannot live in the Home.

Cover under this section is provided only if ALL of the following apply:

- the Home building is being repaired, or rebuilt or is uninhabitable, as a result of an Insured Event,
- the time to repair or rebuild the Home Building is in Our opinion reasonable.

Statutory Authority Requirements

We will pay the extra costs which are necessary to meet the requirements of any Statutory Authority in connection with rebuilding or repairing the Home on the Site.

We will not pay the extra costs which result from any notice which a Statutory Authority served on You before the Home was destroyed or damaged, and if only part of the Home suffers damage, We will pay You only the extra costs you incur in repairing that part.

Incidental Expenses

We will pay the reasonable costs incurred with Our consent:

- of locating the cause of destruction or damage if it is necessary to do so to effect a repair,
- of demolition and the removal of debris and contents, or
- of necessary advice in connection with the rebuilding or the repair of the Home.

Mortgage Discharge

We will pay the reasonable costs incurred for fees associated with the discharge of the mortgage/s following settlement of a total loss claim under this Policy.

Accidental Glass Breakage

We will replace or pay the cost of replacing any of the following items, which are accidentally broken, and the break is through the entire thickness:

- glass which forms part of the Home, excluding glass which forms part of any greenhouse, conservatory or a ceramic or glass cooking surface including lids, or oven door,
- glass in a lighting fixture, or
- fixed or vitreous china or ceramic wash basins, lavatory pans, lavatory cisterns and sinks.

Damage to Domestic Electric Motors

If electric current destroys or damages a domestic electric motor which forms part of the Home Building, We will pay the reasonable cost of rewinding the armature and/or field coils or replace the motor, whichever is the lesser.

We will not cover the cost of removing and replacing motors forming part of a submersible pump from a bore.

Policy 2- Home contents policy

If You have purchased Home Contents cover this will be shown on the Policy Schedule. Your Contents are covered whilst in the Home (or on the Site) for loss or damage caused by the Insured Events.

We will apply the Basic Excess shown in the Policy Schedule together with any other applicable excess for each claim made under this section of the Policy.

External Locks

We will at Our option, pay up to \$800 to re-code or re-key door and window locks in the Home when the keys to these locks have been stolen following a theft at the Home Building.

We will not provide cover to re-code or re-key door and window locks in the Home if the Tenant does not return the keys to the Home.

Accidental Glass Breakage

We will replace or pay the cost of replacing any of the following items in the Home, which are accidentally broken and the break is through the entire thickness:

- mirror,
- glass in furniture or household goods,
- glass in a light fitting (not being a fixture of the building),
- telephone handsets, the property of Telstra, where You are responsible for the breakage.

We will not provide cover for the accidental breakage of glass in the following items:

- television set, computer monitor,
- radio, clock, or visual display unit,
- ceramic or glass cooking surface including lids, or oven door,
- glassware or mirrors ordinarily carried by hand.

Damage to Electric Motors

If electric current destroys or damages a domestic electric motor, which forms part of the Home Contents, We will pay the reasonable cost of rewinding the armature and/or field coils or replace the motor, whichever is the lesser.

Legal liability cover

Home Building Legal Liability

If You have purchased Home Building insurance legal liability cover is provided to You for claims arising from incidents that occur in the Home or on the Site which cause:

- (a) death or bodily injury to any person, or
- (b) damage to property other than property which You or Your Family own or control.

Limits of Cover

In providing legal liability cover, We will pay no more than \$10,000,000 inclusive of legal costs in relation to any one event under your Home Building cover. We will also cover You against Your liability for legal costs when Our lawyers act in connection with such incidents.

Legal Liability cover DOES NOT EXTEND to liabilities for injury or damage, as a result of an incident:

- (a) to Your employee which occurs during the course of employment,
- (b) to You, any member of Your Family or any person who lives with You,
- (c) caused by or connected with the use of a vehicle (other than a bicycle), caravan, aircraft or waterborne craft (including sailboards, surfboards, windsurfers, surf-skis and the like), lift or firearm,
- (d) for which You or Your Family have agreed to accept liability,
- (e) which arises through Your ownership of any other Home, property or land,

- (f) which arises out of Your negligence or lack of skill in the conduct of any profession, occupation or business,
- (g) which arises out of renovations (including alterations and repairs) which are being carried out on the Home,
- (h) arising from any sporting activity either as a player, coach, referee or official including professional, recreational or amateur sport,
- (i) caused by an animal,
- (j) arising from any tree lopping or tree felling on the Site,
- (k) arising from or in connection with the supply of alcohol, illegal substances or drugs (including tobacco),
- (l) arising directly or indirectly out of:
 - the inhalation of Asbestos,
 - exposure to Asbestos,
 - fear of the consequences of exposure to Asbestos or inhalation of Asbestos.
- (m) where loss, costs or expenses are incurred in cleaning up Asbestos or removing Asbestos,
- (n) where loss, costs or expenses are incurred as a result of damage to property or the loss of use of property arising out of the use or presence of Asbestos.

This Policy does not cover Your legal liability for any costs or penalties imposed upon You, Your Family or any person who lives with You under the provisions of any Law.

Method of claim settlement

After an occurrence which gives rise to a claim under Home Building or Home Contents cover, We may take possession of the damaged Home Building/ Home Contents or enter the Home Building and deal with the damage in a reasonable manner. If however, We do not, You shall take all responsible steps to preserve the damaged property until it is rebuilt, repaired or replaced.

Home Building Claims

We may at Our option:

- (a) repair the Home to a condition as near as possible to its former condition at the date it was damaged, or
- (b) rebuild the Home to the equivalent of its condition as at the date of destruction with materials or components which are current and available at the time of rebuilding, or
- (c) pay the Sum Insured.

BUT

- We will pay no more than the Sum Insured,
- We will pay only the costs which are actually incurred in repairing or rebuilding the Home,
- repairing or rebuilding of the Home must start within three months from the date on which the destruction or damage occurs, unless We agree in writing to a longer period,
- We may choose to pay the repairer direct,
- if, in Our opinion, the Home had not been maintained in Good Repair and Condition as at the date of destruction or damage, the amount payable may be reduced to allow for wear, tear and depreciation.

If You do not wish to rebuild or repair the Home, or start rebuilding or repairing the Home within 3 months (or such longer period which We agree in writing) from the date on which the destruction or damage occurs, We will pay You the cost of repairing or rebuilding the Home, less Our allowance for depreciation provided Our total payment does not exceed the sum insured.

Home Contents Claims

We may, at Our option:

- (a) pay You the Sum Insured, or
- (b) pay You the reasonable cost of repairing or replacing the Contents, or
- (c) repair or replace the contents.

Goods and Services Tax (GST)

If We make a payment to You, the amount payable will be reduced by the amount of any Input Tax Credit ("ITC") that You are or would be entitled to claim for the repair or replacement of the insured property or other goods or services covered by that claim payment.

If You are entitled to an Input Tax Credit for the premium, You must inform Us of the extent of that entitlement at or before the time you make a claim under this Policy. We will not cover You for any GST liability arising from misstatement by You in relation to Your entitlement to an Input Tax Credit.

General exclusions

This Policy does not cover:

- (a) Destruction, loss or damage caused by:
 - (i) or attributed to wear, tear, gradual deterioration, lack of maintenance, defect, error or omission in design, material, product or structural failure,
 - (ii) mildew, rust, corrosion, rotting or discolouration,
 - (iii) vermin or insects,
 - (iv) invasion, war whether declared or not, rebellion, revolution, or theft following any of these events,
 - (v) or resulting from any act of Terrorism that involves any biological, chemical or nuclear pollution or contamination,
 - (vi) any person or organisation who lawfully destroys or takes away from Your ownership or control, property covered by this Policy,
 - (vii) the action of the sea, storm surge, high tide, or tsunami,
 - (viii) erosion, landslide, subsidence or movement,
 - (ix) Storm and tempest, malicious damage, theft or any attempted theft which arises during renovations, (including alterations and repairs) being carried out on the Home,
 - (x) or in connection with renovations (including alterations and repairs) being carried out on the Home,

- (xi) heat not directly involving fire or as a result of the Home or Contents undergoing a process necessarily involving the application of heat,
- (xii) anything nuclear or radioactive,
- (xiii) any intentional act by You, a member of Your Family, or a person acting with Your consent or the consent of a member of Your Family,
- (xiv) any intentional act by a person who has entered the Home or the Site with consent from You, Your Family or a person who permanently resides in the Home,
- (xv) discharging or escaping of any pollutant or contaminant,
- (xvi) fire, theft or attempted theft or malicious damage where the Home has been unoccupied for more than 60 days, unless You notify Us beforehand and We agree to cover You.
- (b) consequential loss, (which is any loss, destruction or damage that is not directly caused by an Insured Event) except as specially provided by this Policy.
- (c) any pre-existing damage to the insured property.
- (d) destruction, loss, destruction or damage or liability which arises outside of Australia.
- (e) that part of any loss, cost or expense incurred in connection with:
 - cleaning up Asbestos or removing Asbestos,
 - damage to property or the loss of use of property arising out of the use or presence of Asbestos.
- (f) financial loss or costs arising from the Landlord breaching the Rental Agreement or breaching any tenancy laws.
- (g) rent default, malicious damage, theft or attempted theft involving the Tenant when there is no Rental Agreement between the Landlord and the Tenant.
- (h) tenant neglect of poor housekeeping or unhygienic living habits.

We may refuse a Claim or cancel this Policy or do both if:

- (a) You are not accurate and truthful in any statement You make when You apply for or renew this Policy or in connection with a claim,
- (b) You do not advise Us if the risk changes in any way,
- (c) You or Your Tenant's do not keep the Home/ Contents in good repair and condition. This means the Home and Contents should be watertight, structurally sound, secure and well maintained,
- (d) You carry out renovations (including alterations and repairs) on the Home or at the Site that cost more than \$30,000 without telling Us before the renovations commence,
- (e) the Home or part of it is used for the purpose of a business, trade or profession that We have not been advised of and agreed to,
- (f) flammable liquids or explosives are kept in the Home or on the Site illegally,
- (g) You do not immediately make a report to the Police if You suspect or should have suspected that:
 - something has been stolen from the Home or the Site,
 - destruction, loss or damage is caused by a malicious act, or
 - an attempt has been made to do either of those things,
- (h) You have elected to pay your Policy premium by instalments and:
 - an instalment has remained unpaid for more than 14 days, in which case We may refuse to pay your claim; or
 - if an instalment remains unpaid for more than 1 month, in which case We may both refuse to pay Your claim and cancel this Policy,
- (i) You have not taken all reasonable care to protect your Home or Contents.

- (j) You do not complete a regular internal and external property inspection at least every six months.

General conditions

Claims

Before We will make any payment to You under this Policy, You must promptly provide full details of Your claim to Claims First Assist on 13 17 03.

We have the sole right to make admissions of liability, settle any claims against You and Your family and to defend You and Your family. We may refuse protection if You or Your family make admissions of liability, settle, attempt to settle or defend any claims without our consent in writing.

Proof of Loss, Ownership and Tenancy

When You make a claim You will need to provide Us with:

- A current valid written Rental Agreement,
- A copy of a rent ledger or receipts for rent received,
- Proof of ownership and value of the items that are being claimed for,
- A copy of the most recent property inspection report,
- All the notices that were issued that relate to the termination of the rental agreement.

Should You be unable to provide Us with the information We require, We may not be able to pay Your claim in full or at all.

Paying Your Excess

You must pay any applicable excess which will be shown on the Policy Schedule on each claim You make, or We will be unable to settle Your claim.

Co-operation

Any benefits which this Policy provides to You depends on You giving Us all the information and help that We require in assessing or undertaking repairs or replacement to the Home and Contents or recovering amounts that We have paid including attending court to

give evidence and authorising the Agent to undertake proceedings for recovery of rent in Your name on Our instructions.

You must assist Us even where We have paid Your claim, for We may wish to:

- attempt to recover the amount of Our payment from the party who caused you to suffer the loss or damage, in which case We may prosecute in Your name for recovery of Our claim costs,
- defend You if it is alleged that You caused someone else loss or damage.

If you or your family receive any letters, notices or court documents which relate to a happening which resulted or could result in a claim under this Policy, you must send these papers to us immediately.

Recovery of claimed Amounts

If the Tenant pays You or Your Agent an amount in relation to Rent Default after We have paid Your claim for Rent Default, You must immediately notify Us and You must pay Us the entire amount received until We have been reimbursed the amount paid to You in relation to that Rent Default, before You can keep the balance.

Notices

We will give You any notice in connection with this Policy in writing. It will be effective if it is delivered:

- to You personally,
- or posted to Your address last known to Us, or
- by fax or electronically using details You have supplied to Us where it is permitted by law.

Changes to this Policy

If You seek a change to this Policy and We agree to it, the change becomes effective when We give You written notice of Our agreement to it.

Cancellation of this Policy

By you

You may cancel this Policy by notifying Us. If You do, We will deduct from the premium an amount to cover the shortened period for which You have insured with Us, any non-refundable Government charges and Our cancellation costs. We will refund to You what is left of the premium.

By us

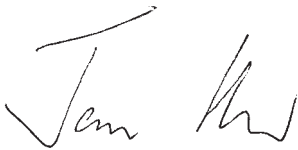
If We cancel this Policy We shall do so by giving You notice in writing. If We do, We will deduct from the premium You have paid to Us an amount to cover the shortened period for which You have been insured by Us, any non refundable Government charges and refund to You what is left of the premium.

Total Loss Claims

If We pay You the sum insured in respect of any claim, all cover under the relevant Policy will cease with effect from the date of such payment and no refund of premium will be payable to You.

Alteration on Renewal

We may, when inviting renewal, alter the terms and conditions of this Policy. This may include imposing an excess, the amount of which will be shown on your renewal notice.

A handwritten signature in black ink, appearing to read 'James How', is written over a light blue horizontal line.

Signed for RAC INSURANCE PTY LTD

James How

Chief Executive Officer

RAC Insurance Pty Limited

ABN 59 094 685 882

AFS Licence Number 231222

Metropolitan Branches

Booragoon: Shop 312, Garden City Shopping Centre
Riseley Street

Carousel: Shop 1098, Westfield Carousel,
1382 Albany Highway

Morley: Shop 1, Morley Market Shopping Centre
Bishop Street

West Perth (Head Office): 832 Wellington Street

Whitfords: Shop 15, Whitfords Shopping Centre
Corner Marmion & Whitfords Avenue

Regional Branches

Albany: 110 Albany Highway

Bunbury: Shop 20a, Bunbury Forum Shopping Centre
Sandridge Road

Geraldton: 24 Durlacher Street

Kalgoorlie: Corner Hannan & Porter Streets

Mandurah: Shop 112, Centro Mandurah, Pinjarra Road

General Enquiries

13 17 03

visit rac.com.au or any RAC branch listed above.

TTY (numbers for the hearing impaired)

All general enquiries 9301 3113

8.00am to 8.30pm, Monday to Friday and 8.30am to 5.00pm
Saturday

RAC Insurance Pty Limited ABN 59 094 685 882

AFS Licence Number 231222



INSURANCE

RAC members are happier