

Investor Insurance

Supplementary Product Disclosure Statement

Date prepared: 25 September 2023 | Effective date: 9 November 2023

This Supplementary Product Disclosure Statement (SPDS) is dated 25 September 2023 and must be read in conjunction with RACT Investor Insurance Product Disclosure Statement version F1350 09/21 (PDS).

This SPDS applies to policies with an effective date on or after 9 November 2023. The information in this SPDS updates the terms contained in the PDS and should be read together with the PDS and any other applicable SPDS.

Investor Insurance is issued by RACT Insurance Pty Ltd ABN 96 068 167 804 AFS Licence No 229076.

If you would like another copy of your PDS, please go to ract.com.au, call 13 27 22 or visit an RACT branch.

The purpose of this SPDS is to:

- Update how we settle claims and what you need to do to establish your loss
- Update your rights to keep damaged or recovered property
- Update when we may pay the full sum insured to a mortgagee or legal owner of your insured property
- Update your cover for:
 - loss or damage from lightning
 - damage to electric motors
 - loss or damage to contents in the open air at the insured address
 - legal costs to recover unpaid rent
 - loss of rent caused by damage to a nearby building
 - default of rent
- Update the general exclusions and legal liability exclusions
- Update the defects and maintenance exclusions
- Update the definition of 'Good order and repair and well maintained'

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Changes to your PDS

Your PDS is amended by the following:

Change 1 – Update to ‘How we settle your claim’

- a) Your PDS is amended by removing the following on page 12 under the ‘Building’ section:

When your building has been damaged and we agree it is covered by your policy, at our option we will:

- *repair your building;*
- *rebuild your building; or*
- *pay you a cash settlement to repair or rebuild your building.*

If we repair (or pay you a cash settlement to repair), we will at our option do so on a ‘new for old’ basis or to a similar condition to what your building was in before the loss or damage occurred.

Updated wording is as follows:

When your building has been damaged and it is covered by your policy, at our option, acting reasonably and having regard to your preference, we will:

- repair your building;
- rebuild your building; or
- pay you a cash settlement to repair or rebuild your building.

If we repair (or pay you a cash settlement to repair), we will at our option, acting reasonably and having regard to your preference, do so on a ‘new for old’ basis or to a similar condition to what your building was in before the loss or damage occurred.

- b) Your PDS is also amended by removing the following on page 13 under the ‘Contents’ section:

When your contents have been damaged and we agree it is covered by your policy, at our option we will:

- *repair your contents;*
- *replace your contents ‘new for old’; or*
- *pay you a cash settlement to repair or replace your contents.*

If we repair (or pay you a cash settlement to repair), we will do so on a ‘new for old’ basis or to a similar condition to what the contents were in before the loss or damage occurred.

Updated wording is as follows:

When your contents have been damaged and it is covered by your policy, at our option, acting reasonably and having regard to your preference, we will:

- repair your contents;
- replace your contents ‘new for old’; or
- pay you a cash settlement to repair or replace your contents.

If we repair (or pay you a cash settlement to repair), we will, acting reasonably and having regard to your preference, do so on a ‘new for old’ basis or to a similar condition to what the contents were in before the loss or damage occurred.

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Change 1 – Update to ‘How we settle your claim’ (continued)

- c) Your PDS is amended by removing the following on page 12 under the ‘Building’ section:

If we agree to pay you a cash settlement at your request (and we would otherwise opt to repair or rebuild) we will pay you what it would cost us to repair or rebuild the damage to your building which is covered by your policy.

Updated wording is as follows:

If we agree to pay you a cash settlement at your request (and we would otherwise opt to repair or rebuild) we will pay you what it would cost us to repair or rebuild the damage to your building which is covered by your policy. This may be less than what it would cost you to arrange the repair or rebuild, as we can secure discounts from our suppliers that may not be available to you.

- d) Your PDS is amended by removing the following on page 13 under the ‘Contents’ section:

If we agree to pay you a cash settlement at your request (and we would otherwise opt to repair or replace) we will pay you what it would cost us to repair or replace the damaged contents which are covered by your policy.

Updated wording is as follows:

If we agree to pay you a cash settlement at your request (and we would otherwise opt to repair or replace) we will pay you what it would cost us to repair or replace the damaged contents which are covered by your policy. This may be less than what it would cost you to arrange the repair or replacement, as we can secure discounts from our suppliers that may not be available to you.

Change 2 – Update to ‘Summary of important claims information’ – ‘Establish your loss’

Your PDS is amended by removing the following on page 19 under the ‘Establish your loss’ section:

When making a claim you must be able to establish that your loss or damage is covered by your policy. You must substantiate what has suffered a loss, been stolen, or damaged (including providing proof of ownership except where you have suffered a total loss and you are unable to provide proof of ownership for the relevant insured property because it was lost in or damaged by the insured event, and your ownership is clear, in which case we will not require proof of ownership).

Updated wording is as follows:

When making a claim you must be able to establish that your loss or damage is covered by your policy. You must substantiate what has suffered a loss, been stolen, or damaged (including by taking reasonable steps to provide proof of ownership where reasonably required by us).

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Change 3 – Update to ‘Summary of important claims information’ – ‘Damaged or recovered property’

Your PDS is amended by removing the following on page 19 under the ‘Damaged or recovered property’ section:

If we agree that you can keep an item, we may determine a salvage value and deduct that value from any settlement we make to you. The item will then remain your property.

Updated wording is as follows:

If we agree that you can keep an item (which we will not refuse unreasonably), we may determine a reasonable salvage value for the item and deduct that value from any settlement we make to you. The item will then remain your property.

Change 4 – Update to ‘Payment of sum insured

Your PDS is amended by removing the following on page 20:

If we pay the full sum insured for your building, we may pay your mortgagee or legal owner of your insured property any amounts owed to them prior to paying any balance of the claim to you.

Updated wording is as follows:

If we pay the full sum insured for your building, we may pay your mortgagee or legal owner of your insured property any amounts owed to them prior to paying any balance of the claim to you, where we are reasonably satisfied that the amount is payable under relevant law or contractual agreement.

Change 5 – Update to ‘Insured events’

- a) Your PDS is amended by removing the following on page 23 under the ‘Lightning’ section:

We do not cover:

Loss or damage to your building:

- *without written confirmation from a qualified expert saying lightning was the actual cause of the loss or damage; or*
- *where your electricity supplier or the Australian Government Bureau of Meteorology have no record of lightning in your area at the time of the loss or damage.*

Updated wording is as follows:

We do not cover:

Loss or damage to your building where your electricity supplier or the Australian Government Bureau of Meteorology have no record of lightning in your area at the time of the loss or damage.

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Change 5 – Update to ‘Insured events’ (continued)

- b) Your PDS is also amended by removing the following on page 40 under the ‘Lightning’ section of the contents insurance:

We do not cover:

Loss or damage to your contents:

- without written confirmation from a qualified expert saying lightning was the actual cause of the loss or damage; or*
- where your electricity supplier or the Australian Government Bureau of Meteorology have no record of lightning in your area at the time of the loss or damage.*

Updated wording is as follows:

We do not cover:

Loss or damage to your contents where your electricity supplier or the Australian Government Bureau of Meteorology have no record of lightning in your area at the time of the loss or damage.

Change 6 – Update to ‘Optional cover’

- a) Your PDS is amended by removing the following on page 35 under the ‘Damage to electric motors’ section of the building insurance:

- loss or damage:*
 - unless you can provide written confirmation from a qualified repairer saying the loss or damage was caused by a burnt out or fused motor and if required, you make the item available to us for inspection;*

Updated wording is as follows:

- loss or damage:*
 - which was not caused by a burnt out or fused motor or, if required, you do not make the item available to us for inspection;*

- b) Your PDS is also amended by removing the following on page 49 under the ‘Damage to electric motors’ section of the contents insurance:

- loss or damage:*
 - unless you can provide written confirmation from a qualified repairer saying the loss or damage was caused by a burnt out or fused motor and if required, you make the item available to us for inspection;*

Updated wording is as follows:

- loss or damage:*
 - which was not caused by a burnt out or fused motor or, if required, you do not make the item available to us for inspection;*

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Change 7 – Update to ‘Investor Plus Building’

- a) Your PDS is amended by removing the following on page 36 under the ‘Legal costs to recover unpaid rent’ section of the building insurance:

We cover:

The agreed legal costs to recover the unpaid rent owing to you, and the reasonable costs charged by a property manager for attending a court or tribunal to try to recover the unpaid rent, when you have:

- *obtained our permission in writing before incurring them; and*
- *made a claim for Default of rent.*

Updated wording is as follows:

We cover:

The agreed legal costs to recover the unpaid rent owing to you, and the reasonable costs charged by a property manager for attending a court or tribunal to try to recover the unpaid rent, when you have:

- obtained our permission in writing before incurring them (which we will not unreasonably withhold); and
- made a claim for Default of rent.

- b) Your PDS is also amended by removing the following on page 37 under the ‘Loss of rent caused by damage to a nearby building’ section of the building insurance:

We do not cover:

- *loss of rent:*
 - *once emergency services advise your tenant is able to live at the insured address;*
 - *if the insured address was not occupied by a tenant paying rent, but we will cover you if you satisfy us that the insured address would have been rented during the time taken to allow access again.*

Updated wording is as follows:

We do not cover:

- *loss of rent:*
 - *once emergency services advise your tenant is able to live at the insured address;*
 - *if the insured address was not occupied by a tenant paying rent, but we will pay if you satisfy us, acting reasonably and having regard to the occupancy of the insured address prior to the loss of access, that the insured address would have been rented during the time taken to allow access again.*

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Change 7 – Update to ‘Investor Plus Building’ (continued)

- c) Your PDS is also amended by removing the following on page 38 under the ‘Default of rent’ section of the building insurance:

We cover:

The unpaid rent owing to you caused by your tenant:

- *not paying or refusing to pay;*
- *vacating your building without giving the notice required by the rental agreement;*
- *being lawfully evicted for non-payment of rent before the rental agreement term finishes; or*
- *unlawfully terminating the rental agreement;*

when you have a rental agreement for a fixed term and no rent has been paid for a period of at least 4 consecutive weeks.

Updated wording is as follows:

We cover:

The unpaid rent owing to you caused by your tenant:

- not paying or refusing to pay;
- vacating your building without giving the notice required by the rental agreement;
- being lawfully evicted for non-payment of rent before the rental agreement term finishes; or
- unlawfully terminating the rental agreement;

when you have a rental agreement and no rent has been paid for a period of at least 4 consecutive weeks.

Change 8 – Update to ‘Contents insurance’

Your PDS is also amended by removing the following on page 39 under the ‘Contents in the open air at the insured address’ section of the contents insurance:

We do not cover:

- *Any item insured under another policy.*

Updated wording is as follows:

We do not cover:

- Any item insured under another policy held by a person other than you.

Change 9 – Addition to ‘Legal liability’

Your PDS is amended by adding the following wording at the end of ‘Legal liability exclusions’, after ‘Workers compensation or third-party personal injury insurance’ on page 54:

Provided that, where any of the acts or omissions of you or another person referred to in these Legal Liability Exclusions could reasonably be regarded as being capable of causing or contributing to a loss in respect of which insurance cover is otherwise provided by this policy, we may refuse to pay some or all of the claim. Alternatively, if our interests have been prejudiced as a result of that act or omission, then we can reduce the amount that we pay under the policy by an amount that fairly represents the extent to which our interests have been prejudiced.

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Change 10 – Addition to ‘General exclusions’

- a) Your PDS is amended by removing the following on page 56 from the ‘Defects’ exclusion in the ‘General exclusions’ section:

Any defect, imperfection, structural fault or design fault that you knew about or should reasonably have known about and did not fix before the loss or damage occurred

Updated wording is as follows:

Any defect, imperfection, structural fault or design fault that you knew about or should reasonably have known about and did not fix as soon as practicable after becoming aware of it.

- b) Your PDS is amended by removing the following on page 58 from the ‘Maintenance’ exclusion in the ‘General exclusions’ section:

- *you not keeping the buildings at the insured address and landlord’s contents in good order and repair and well maintained (see definitions for more information on ‘Good order and repair and well maintained’ on page 61);*
- *you not taking all reasonable care to protect your property;*
- *wear, tear, depreciation, rust, fading, mould, rising damp, mildew, rot or other forms of corrosion. For example, tiles or their adhesive or grouting breaking down;*
- *you failing to fix faults and defects as you become aware of them;*
- *neglect, untidiness, uncleanliness or unhygienic acts.*

Updated wording is as follows:

- **you not taking reasonable steps to keep the buildings at the insured address and landlord’s contents in good order and repair and well maintained (see definitions for more information on ‘Good order and repair and well maintained’ on page 61);**
 - **you not taking all reasonable care to protect your property;**
 - **wear, tear, depreciation, rust, fading, mould, rising damp, mildew, rot or other forms of corrosion. For example, tiles or their adhesive or grouting breaking down;**
 - **you not fixing faults and defects as soon as practicable after you become aware of them;**
 - **neglect, untidiness, uncleanliness or unhygienic acts.**
- c) Your PDS is amended by adding the following wording at the end of ‘General exclusions’, after ‘Tree lopping/tree roots’ on page 59:

Provided that, where any of the acts or omissions of you or another person referred to in these General Exclusions could reasonably be regarded as being capable of causing or contributing to a loss in respect of which insurance cover is otherwise provided by this policy, we may refuse to pay some or all of the claim. Alternatively, if our interests have been prejudiced as a result of that act or omission, then we can reduce the amount that we pay under the policy by an amount that fairly represents the extent to which our interests have been prejudiced.

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Change 11 – Update to ‘Definitions’

Your PDS is amended by removing the following from the definition of ‘Good order and repair and well maintained’ on page 61:

Your building and contents do not have any faults or defects that could cause any loss of damage to your own property or property of others, or death or bodily injury to other people, or could add to the cost of repair, (or mean an item needs to be replaced other than being repaired).

It also means, in relation to your building and/or contents, that they are watertight, structurally sound, and secure, with a functioning bathroom and kitchen.

Updated definition is as follows:

Your building and contents do not have any faults or defects, which you know about or should reasonably know about and have not fixed as soon as practicable after becoming aware of them, that could cause any loss or damage to your own property or property of others, or death or bodily injury to other people, or could add to the cost of repair (or mean an item needs to be replaced other than being repaired).

It also means, in relation to your building and/or contents, that they are structurally sound and secure, with a functioning bathroom and kitchen.

This update takes effect from 9 November 2023.