

This is a Supplementary Product Disclosure Statement (SPDS) issued by AAI Limited ABN 48 005 297 807 AFSL No. 230859, trading as Vero Insurance.

This SPDS supplements the Terri Scheer Landlord Preferred Policy Self Managed Product Disclosure Statement and Policy Wording (PDS) with a prepared date of 11/12/2020 and must be read together with the PDS and any other SPDS we have given you or may give you for the PDS.

The purpose of this SPDS is to:

- ◆ update information about how we pay claims under the Additional Benefits 'Replacement of locks', 'Bailiff/sheriff fees', 'Removal and storage of goods' and 'Re-letting expenses in excess of the bond' in 'Section 1: Loss of Rent Permanent tenancies';
- ◆ update information about how we will pay claims under the Benefit within your sum insured 'Emergency Service damage' and 'Removal of damaged contents' in 'Section 2: Contents';
- ◆ update information about how we will pay claims under the Benefit within your sum insured 'Emergency Service damage' in 'Section 3: Building (tenant damage)';
- ◆ update information about how we will settle claims under 'How we settle contents claims' in 'Section 2: Contents' and 'How we settle building claims' under 'Section 3: Building (tenant damage)'; and
- ◆ update the exclusions under 'We do not cover' section of insured event 'Fire (including bushfire) or explosion' in 'Section 2: Contents', under the heading 'What we do not cover (Building)' in 'Section 3: Building' and under the main heading 'Things we don't cover'; and
- ◆ update the exclusions under the Insured event 'Prevention of access' in 'Section 1: Loss of Rent Permanent tenancies' and in 'Section 5: Loss of rent Holiday let'.

### Changes to the PDS

1. The paragraphs below the heading 'How we settle contents claims' on page 39 and above the heading 'Pairs and sets' on page 40 are deleted and replaced with:

When your claim for loss, theft or damage to your contents is covered, your contents may be replaced, repaired or we may pay you.

You can obtain a quote from your own repairer/supplier to repair or replace the contents and we will settle your claim by paying you, see below under the headings 'Repairing your contents' and 'Replacing your contents'.

If you do not obtain your own quote(s), we will aim to use a member of our supplier network to repair or replace damaged contents.

Sometimes it is not always possible or practical for a member of our supplier network to repair or replace damaged contents and this will determine how your contents claim will be settled.

This will not be possible or practical where:

- there is pre-existing damage to your contents item(s) or it is unsafe to repair them;
- we do not have a supplier for the lost or damaged items (or we do not have a supplier available in your area);
- the lost or damaged items cannot be itemised or measured (e.g. items that have been completely destroyed)
- there is no expertise available in Australia to repair the item;
- the contents are low value items; and/or
- replacement(s) for the contents item(s) are not available readily at a supplier(s) convenient to you.

We will tell you if this is the case and we will settle your claim by paying you, see 'Paying you' below.

How we settle will depend on the circumstances of the claim including the cost of repair or replacement, the type of item, the contents sum insured and any lower policy limits.

If the cost of repair or replacement exceeds your contents sum insured, you will be paid your contents sum insured.

When a member of our supplier network repairs or replaces your contents, we will try to find new materials to match undamaged parts. Sometimes this is not possible. See 'When we cannot match materials to undamaged parts' on page 42

for further details. There are also specific terms for how we repair or replace Carpets and floating floorboards, Curtains and Furniture coverings (See page 40 for further details).

### **Repairing your contents**

If your quote to repair the item is less than the cost of replacement, we will settle your claim by paying you the amount of your repairer's assessed quote. This means that we will not repair or replace or arrange for a service.

If you do not obtain a quote, we will engage a repairer within our supplier network who is able to complete the repairs to your contents to provide a quote. If this quoted cost to repair the item is less than the cost of replacement, we will authorise the repairs.

### **Replacing your contents**

If your quote to replace the item on a 'new for old' basis is less than the quoted cost to repair or if the item cannot be repaired, we will settle your claim by paying you the amount of your supplier's assessed quote. This means that we will not repair or replace or arrange for a service.

If you do not obtain a quote, and if our quoted cost to repair is more than the cost of replacement on a 'new for old basis' or if the contents item cannot be repaired you have the option to accept a replacement on a 'new for old' basis sourced through our supplier network. See page 41 for the meaning of 'new for old'.

### **Paying you**

We will pay you to settle your claim:

- If you obtain a quote from your repairer or supplier and we pay you the amount of your repairer/supplier's assessed quote, see above under the headings 'Repairing your contents' and 'Replacing your contents'.
- If you do not obtain a quote to repair and you do not accept an offer to repair the contents item using a repairer within our supplier network you will be paid the quoted cost.
- If you do not obtain a quote to replace and you do not accept an offer to replace the contents item using a member of our supplier network, you will be paid the amount of our supplier's assessed quote to replace the item. This may be less than what it would cost you to arrange the replacement in the market. We are able to secure supplier discounts from within our supplier network.
- If it is not possible or practical for a member of our supplier network to repair or replace damaged contents, we will pay you the amount of your repairer/supplier's assessed quote to repair or replace them on a 'new for old' basis.

To work out the amount of the assessed quote we will review the quote(s) provided by a member of our supplier network, or if it is not possible or practical for us to repair or replace the damaged contents or you have obtained your own quotes, the quote(s) you have provided to repair or replace the damaged contents, and assess those quote(s) to make sure that each quote is appropriate and reasonable for the scope of services or goods. This includes a consideration of the appropriateness of materials, repair method, labour and material costs and overall cost assessed to repair or replace the contents on a 'new for old' basis.

We will pay you by direct deposit into your bank account, or if available, you can choose to be paid with a voucher, store credit or stored value card.

2. On page 26 under the main heading 'Basis on which claims are paid' under the section 'Claims for more than one insured event' insert the new section:

#### **For Additional benefits under 'Section 1: Loss of Rent - Permanent tenancies'**

If we pay a claim under an additional benefit in 'Section 1: Loss of Rent - Permanent tenancies' we will settle your claim in accordance with that additional benefit. For the additional benefits on page 22 of 'Replacement of locks', 'Bailiff/sheriff fees', 'Removal and storage of goods' and 'Re-letting expenses in excess of the bond' we will only settle your claim by paying you. This means we will not repair or replace or arrange a service.

If we settle your claim by paying you, we will pay you by direct deposit into your bank account, or if available, you can choose to be paid with a voucher, store credit or stored value card.

3. On page 41 under the main heading 'Basis on which claims are paid' above the heading 'For contents and building claims' insert the new section:

#### **For Benefits within your sum insured under 'Section 2: Contents'**

If we pay a claim under a Benefits within your sum insured under 'Section 2: Contents' we will settle your claim in accordance with that benefit. For the Benefits within your sum insured 'Emergency Service damage' (see page 37) and 'Removal of damaged contents' (see page 37) we will only settle your claim by paying you. This means we will not repair or replace or arrange a service.

If we settle your claim by paying you, we will pay you by direct deposit into your bank account, or if available, you can choose to be paid with a voucher, store credit or stored value card.

4. On page 50 under the main heading 'Basis on which claims are paid' above the heading 'Matching building materials' insert the new section:

**For Benefit within your sum insured under 'Section 3: Building (tenant damage)'**

If we pay a claim under the Benefit within your sum insured under 'Section 3: Building (tenant damage)' we will settle your claim in accordance with that benefit. For the Benefit within your sum insured 'Emergency Service damage' (see page 47) we will only settle your claim by paying you. This means we will not repair or replace or arrange a service.

If we settle your claim by paying you, we will pay you by direct deposit into your bank account, or if available, you can choose to be paid with a voucher, store credit or stored value card.

5. Delete the paragraph under the heading 'How we settle building claims' on page 48 and replace with:

We will aim for you to use your own builder to repair or rebuild the damage to your building. See below under 'When your builder does the repair or rebuild' for how we will settle your building claim when your builder does the repair.

If you choose not to use your own builder to repair or rebuild the damage to your building we will aim to use a member of our supplier network to repair or rebuild the damage to your building. See below under 'When a member of our network does the repair or rebuild' for how we will settle your building claim when a member of our supplier network is able to complete the repair or rebuild.

Sometimes it is not always possible for a member of our network to repair or rebuild (e.g. where there is pre-existing damage). This will determine how the building claim will be settled.

We will tell you if this is the case and we will settle your claim by paying you, see below under 'When a member of our supplier network is unable to complete the repair or rebuild'.

How we settle will depend on the circumstances of the claim including the cost of repair or rebuild, the building sum insured and any policy limits.

6. Above the heading 'When we settle your building claim we will not' on page 50 insert:

**When a member of our supplier network is unable to complete the repair or rebuild**

When your claim for loss or damage to the building is covered and a member of our supplier network is unable to complete the repair or rebuild we will ask you to engage a builder to provide a scope of works and provide a quote on the cost to repair or rebuild your building on a 'new for old' basis.

Once the scope of works and quote is provided to us, we will arrange for it to be assessed. This will involve reviewing the quote to determine it is appropriate and reasonable for the scope of works. This includes a consideration of the appropriateness of materials, repair method, labour and material costs and overall cost effectiveness. If the quote is appropriate and reasonable for the scope of works, we will then pay you the assessed amount. If it is not, the quote may be adjusted. This may include adjusting the scope of works or the quote. We will then pay you the adjusted amount of the quote.

7. On page 21, for insured event 'Prevention of access' in 'Section 1: Loss of Rent Permanent tenancies' under the 'We do not cover' section delete:

- if the tenant was residing in the building at time of loss or damage

and replace it with:

- unless a tenant was residing in the building at time of incident.

8. On page 59, for insured event 'Prevention of access' in 'Section 5: Loss of rent Holiday let' under the 'We do not cover' section delete:

- if the tenant was residing in the building at time of loss or damage

and replace it with:

- unless a tenant was residing in the building at time of incident.

9. Under insured event 'Fire (including bushfire) or explosion' in 'Section 2: Contents' on page 32, under the 'We do not cover' section delete:

Loss or damage arising from:

- Smoking of cigarettes, pipes, cigars, vapes or any drug use;
- Arcing or melting;
- Pollution or vapour from a home heater or a cooking appliance unless a fire spreads from the initial source;
- Gradual exposure to fire, heat, ash, soot and smoke during recurring incidents of fire or bushfire over an extended period of time.

And replace it with:

- Loss or damage arising from smoke and/or vapour from cigarettes, pipes, cigars, vapes or use or consumption of any drug.

Loss or damage arising from:

- Arcing or melting;
- Gradual exposure to fire, heat, ash, soot and smoke during recurring incidents of fire or bushfire over an extended period of time.
- Pollution or vapour from a home heater or a cooking appliance unless a fire spreads from the initial source.

10. Under the main heading 'What we do not cover (Building)' in 'Section 3: Building (tenant damage)' on page 46, delete the dot point:

- Smoke damage caused by smoking cigarettes, pipes, cigars vapes or any drugs.

and replace it with:

- Smoke and/or vapour from cigarettes, pipes, cigars, vapes or use or consumption of any drug.

11. Under the main heading 'Things we don't cover' on page 87, delete the dot point:

- Smoking of cigarettes, pipes, cigars, vapes or by use or consumption of any drug

and replace it with:

- Smoke and/or vapour from cigarettes, pipes, cigars, vapes or use or consumption of any drug.

12. Delete the heading and text under heading 'How and when benefits are provided' on page 7.

13. Under the heading 'Additional benefits' on page 22 add the following:

The following are additional benefits that come with your policy at no extra cost. You may be entitled to the additional benefits in this section. See the additional benefits for when they apply. All of the conditions of the policy and 'Things we don't cover' on pages 83 to 92 apply to the additional benefits.

14. Delete the heading and the text for 'Claim Payments' on page 68.