

Domestic Construction Residential Builders SA

QBE Insurance (Australia) Limited

Building Indemnity Insurance Policy



CONTENTS

About this booklet	2
For more information	2
About QBE Australia	2
Important Information	3
Duty of disclosure	3
Privacy	3
The General Insurance Code of Practice	3
Resolving complaints & disputes	3
Policy Wording	4
Our agreement with the builder	4
The Policy	4
Paying the premium	4
Words with special meaning	4
Building Indemnity Insurance	5
Who is covered by this policy?	5
What is covered by this policy?	5
How much will we pay?	5
What we don't pay	5
How long are you covered for?	6
How long do you have to claim?	6
Making a claim	6
Failures by the builder	6
General Conditions	6
Conflict with the Act	6

In an uncertain world, it's good to know there's someone committed to protecting you. In this booklet you'll find our commitment described in detail. By taking the time to read these pages you'll know exactly what you're covered for, what you can expect from us and what we expect of you.

You'll also learn what to do if you need to make a claim, so we promise it'll be time well spent.

About this booklet

This document contains important information to help you understand the insurance. It is up to you to choose the cover you need. Any advice in this booklet is general nature only and has not considered your objectives, financial situation or needs. You should carefully consider the information provided having regard to your personal circumstances to decide if it's right for you.

For more information

Please take the time to read through this booklet and if you have any questions, need more information or to confirm a transaction, please contact:

- your financial services provider or phone 1300 790 723.

About QBE Australia

QBE Insurance (Australia) Limited ABN 78 003 191 035 AFSL 239545 is a member of the QBE Insurance Group Limited ABN 28 008 485 014 (ASX: QBE). QBE Insurance Group is Australia's largest international general insurance and reinsurance group, and one of the top 25 insurers and reinsurers in the world.

Important Information

The information provided in this section includes high level information about this Policy including your duty of disclosure, privacy, how to make a claim, our dispute resolution process and other relevant information. This section may also set out other information such as options in cover you can choose from, factors that affect the cost and any cooling off rights.

The Policy Wording section sets out the detailed terms, conditions and exclusions relating to the insurance.

If we issue you with a Policy, you will be given a Certificate of Insurance. The Certificate of Insurance sets out the specific terms applicable to your cover and should be read together with the Policy Wording.

The Policy Wording and Certificate of Insurance form your legal contract with us so please keep them in a safe place for future reference. You should check the Certificate of Insurance, when you receive it to ensure it accurately states what you have insured.

Duty of disclosure

Before you enter into an insurance contract, you have a duty to tell us anything that you know, or could reasonably be expected to know, may affect our decision to insure you and on what terms.

You have this duty until we agree to insure you.

You have the same duty before you renew, extend, vary or reinstate an insurance contract.

You do not need to tell us anything that:

- reduces the risk we insure you for; or
- is common knowledge; or
- we know or should know as an insurer; or
- we waive your duty to tell us about.

If you do not tell us something

If you do not tell us anything you are required to, we may cancel your contract or reduce the amount we will pay you if you make a claim, or both.

If your failure to tell us is fraudulent, we may refuse to pay a claim and treat the contract as if it never existed.

Privacy

We'll collect personal information when you deal with us, our agents, other companies in the QBE group or suppliers acting on our behalf. We use your personal information so we can do business with you, which includes issuing and administering our products and services and processing claims. Sometimes we might send your personal information overseas. The locations we send it to can vary but include the Philippines, India, Ireland, the UK, the US, China and countries within the European Union.

Our Privacy Policy describes in detail where and from whom we collect personal information, as well as where we store it and the full list of ways we could use it. To get a free copy of it please visit qbe.com.au/privacy or contact QBE Customer Care.

It's up to you to decide whether to give us your personal information, but without it we might not be able to do business with you, including not paying your claim.

The General Insurance Code of Practice

QBE Australia is a signatory to the General Insurance Code of Practice.

The Code aims to:

- Commit us to high standards of service
- Promote better, more informed relations between us and you
- Maintain and promote trust and confidence in the general insurance industry

- Provide fair and effective mechanisms for the resolution of complaints and disputes between us and you
- Promote continuous improvement of the general insurance industry through education and training.

Resolving complaints & disputes

Our commitment to you

At QBE we're committed to providing you with quality products and delivering the highest quality of service.

We also know that sometimes there might be something about our products or service that you're not totally happy about.

Step 1 - Talk to us

If there's something you want to talk to us about, or if you would like to make a complaint, our staff are there to work with you to try and resolve your issue.

If you're not happy with our staff, or if you're unhappy with how our staff have responded to your complaint you can ask to speak to their Manager.

You can also make your complaint directly to our Customer Care Unit.

Phone	1300 650 503 (Office Hours Mon-Fri: 8:30-18:00)
Email	complaints@qbe.com
Post	Customer Care GPO Box 219 PARRAMATTA NSW 2124

Step 2 - Escalate your complaint

Whenever you make a complaint we will try and resolve it within 15 business days. If this hasn't happened, or if you're not happy with how our staff tried to resolve it, you can ask that your complaint be escalated to one of our Dispute Resolution Specialists.

Our Dispute Resolution Specialists will contact you with our final decision within 15 business days of your complaint being escalated.

Step 3 - Still not resolved?

If you're not satisfied with our decision, you may wish to seek independent legal advice.

Policy Wording

This Policy is underwritten by QBE Insurance (Australia) Limited ABN 78 003 191 035 AFSL 239545.

Our agreement with the builder

This Policy is a legal contract between the builder, acting as your agent, and us. The builders pay us the premium on your behalf and we provide you with the cover described in this Policy.

The Policy

This Policy consists of the Policy Wording in this booklet and the Certificate of Insurance.

Paying the premium

The builder must pay the premium on your behalf by the due date.

Words with special meaning

The words and terms used throughout this Policy have special meanings set out below.

Where other words and terms are only used in one section of the Policy, we'll describe their special meaning in that section.

Word or Term	Meaning
Act	the Building Work Contractors Act 1995 and regulations. The regulations when referred to separately are referred to as the regulations.
Builder	the builder licensed under the Act and named in the certificate of insurance as the builder.
Building	the house(s) described in the certificate of insurance.
Building contract	the domestic building contract between you and the builder pursuant to which domestic building work is done or is to be done in connection with the building.
Certificate of insurance	the certificate the we produce that includes important information and details about this Policy. The certificate of insurance will be evidence that we have accepted cover under this Policy.
Completion (of the work)	the time where the work is completed except for any omissions or defects which do not prevent the work from being reasonably capable of being used for its intended purpose.
Disappearance	includes cannot be found, after due search and enquiry.
Domestic building contract	A contract with the builder for the performance of domestic building work (including any variation to such contract), but does not include a subcontract for the performance of domestic building work for the builder.
Domestic building work	<ul style="list-style-type: none"> (a) the whole or part of the work of constructing, erecting, underpinning, altering, repairing, improving, adding to or demolishing a house; (b) the whole or part of the work of excavating or filling a site for work referred to above; (c) the construction, alteration, repair or improvement of a swimming pool or spa within the external

Word or Term	Meaning
	<ul style="list-style-type: none"> walls of a house or within the curtilage of a house; or (d) any other work carried out within the curtilage of a house or the boundary of the curtilage of a house.
House	<p>a building (or part of a building) intended for occupation as a place of residence but does not include:</p> <ul style="list-style-type: none"> (a) hotels, motels, youth hostels, residential camps, boarding or lodging houses, university halls of residence, boarding school dormitories, barracks, nursing homes, or residential facilities for workers or for training purposes; Or (b) any other building or portion of a building declared by the regulations to not be a house.
Insolvency	<ul style="list-style-type: none"> (a) In relation to an individual, that the individual is insolvent under administration (within the meaning of the Corporations Act 2001). (b) In relation to a corporation, that the corporation is an externally administered body corporate administration (within the meaning of the Corporations Act 2001).
Policy	this Policy wording, any endorsements and the certificate of insurance.
Statutory warranty	<p>each of the following warranties:</p> <ul style="list-style-type: none"> (a) that the work will be performed in a proper and workmanlike manner to accepted trade standards and in accordance with the plans and specifications agreed between the parties to the contract. (b) that all materials supplied for use in the work will be good and proper. (c) that the work will be done in accordance with, and will comply with, the Act and any other law. (d) that, if the contract does not stipulate a period within which the work will be done, that the work will be done with reasonable diligence. (e) that, if the work consists of construction of a house, that the house will be reasonably fit for human habitation. (f) that if the building owner has expressly made known to the contractor, the particular purpose for which the home is required, or the result that the building owner desires the building to achieve, so as to show that the building owner relies on the contractor's skill and judgement, that the work, and any materials used in performing the work will be reasonable fit for that purpose or of such a nature and quality that might reasonably be expected to achieve that result.
Terrorism	<p>Any act that, having regard to the nature of the act, and the context in which it was done, is reasonable to characterise as an act of terrorism. An act can only be characterised as an act of terrorism if it:</p> <ul style="list-style-type: none"> (a) causes or threatens to cause death, personal injury or damage to property; (b) is designed to influence a government or to intimidate the public or a section of the public; Or (c) is carried out for the purpose of advancing a political, religious, ideological, ethnic or similar cause.

Word or Term	Meaning
	Any lawful activity or industrial action cannot be characterised as an act of terrorism.
We/our/us	QBE Insurance (Australia) Limited ABN 78 003 191 035.
Work	domestic building work which is done or is to be done by the builder under the building contract or by the builder to the building.
You/your	<p>the person on whose behalf the work is done or is to be done, and any successor in title to that person.</p> <p>You/your does not include:</p> <ul style="list-style-type: none"> (a) the builder; (b) a person who does domestic building work other than under a contract; (c) the holder of a builders licence who and that carried out the work; or (d) any related bodies corporate of those above, within the meaning of section 50 of the Corporations Act 2001.

A reference to any legislation is a reference to the legislation as amended from time to time.

Building Indemnity Insurance

Building indemnity insurance protects the person on whose behalf work is to be done and the subsequent homeowners. The Policy covers loss or damage resulting from the non-completion of the work or breach of statutory warranty because of:

- Death; or
- Disappearance; or
- Insolvency

of the builder.

A builder takes out this insurance Policy, but the beneficiary is the homeowner or subsequent homeowner.

The builder must provide a Certificate of Insurance to the homeowners for each job they undertake. In addition, a copy of the Certificate of Insurance will be provided to the builder/contractor and the local authority/ council.

A copy of this Policy wording is held by the builder and a copy is also provided to each homeowner with the Certificate.

Who is covered by this policy?

You are the person covered under this Policy. We do not cover anyone except you.

What is covered by this policy?

We will pay for the following sustained by you:

- (a) loss or damage resulting from non-completion of the work because of the insolvency, death or disappearance of the builder; or
- (b) loss or damage arising from a breach of a statutory warranty implied by the Act but only if you cannot recover compensation from the builder or have the builder rectify the loss or damage because of the insolvency, death or disappearance of the builder.

How much will we pay?

We may do two things, at our option, when we pay a claim under this policy. We will either make good the loss or damage or pay the amount of that loss or damage.

However, the following limitations apply to what we will pay:

We will not pay:

We will not pay the first \$400 of each claim in relation to each house in each building insured under this Policy.

We will not pay more than \$150,000 in total in the aggregate for all claims under this Policy for each house.

If the work is carried out or to be carried out on land in a plan of subdivision containing common property, and the loss or damage relates to common property, we will not pay more to you for that claim than the amount calculated by dividing the amount payable for that claim by the number of dwellings in the building.

The limitations in this clause - 'How much will we pay' includes all the amounts payable under the heading 'What is covered by this policy'.

What we don't pay

We will not pay under this policy:

- (a) under 'What is covered by this Policy?' for work done by the builder other than on behalf of another person.
- (b) for claims in the nature of liquidated damages for delay or damages for delay. However, this limitation does not extend to any increase in rectification costs caused by the passing of time.
- (c) for loss or damage that could reasonably be expected to result from fair wear and tear of the work, or from your failure to maintain the work.
- (d) in relation to a defect in, or repair of damage to the nonresidential part of a building that supports or gives access to the residential part, unless it is a defect or damage that adversely affects the structure of the residential part or the access to it.
- (e) for loss or damage caused by the normal drying out of the building if the builder has taken all reasonable precautions in allowing for the normal drying out when carrying out the work.
- (f) for damage due to or made worse by the failure by you to take reasonable and timely action to minimise the damage.
- (g) in relation to an appliance or apparatus (such as a dishwasher or air conditioning unit) if the claim is made after the expiry of the manufacturer's warranty period for the appliance or apparatus concerned, or, if there is no warranty period, outside the reasonable lifetime of the appliance or apparatus.
- (h) in relation to damage to work or materials that is made outside the reasonable life time of that work or materials or the manufacturer's warranty period for the materials.
- (i) for legal liability resulting from any event unless expressly insured under this Policy.
- (j) in relation to an interest in the building that is not your interest.
- (k) in relation to a defect due to a faulty design provided by you or a previous owner.
- (l) for a deposit, progress or other payment to the extent that it exceeds the amount or differs from the type specified for such a payment in section 30 of the Act.
- (m) for loss, damage or defects due to:
 - (i) an act, error or omission of someone other than the builder or someone contracted by them.
 - (ii) faulty or unsuitable materials supplied by you.
- (n) arising from, connected with or relating to personal injury, death (other than the builder), disease or illness of a person or for injury to or impairment of a person's mental condition.
- (o) for consequential loss of any kind, including loss of rent or other income, loss of value, loss of opportunity, inconvenience or distress, unless expressly insured under this Policy.
- (p) for any claims connected with or relating to:
 - (i) war, invasion, acts of foreign enemies, hostilities or war like operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power, confiscation or nationalisation or requisition or destruction or damage to property by or under the order of any government or public or local authority.
 - (ii) fraud or dishonest conduct of any kind by you.

- (iii) any terrorism.
 - (iv) radioactivity or the use, existence or escape of any nuclear fuel, nuclear material or nuclear waste or action of nuclear fission or fusion.
 - (v) the existence or use of asbestos products and/or products containing asbestos in the building or on or in the land on which the building is built.
 - (vi) mechanical or electrical breakdown, not attributable to the workmanship of, or the installation by the builder.
 - (vii) your failure to maintain appropriate protection against pest infestation or exposure to natural timbers.
 - (viii) the action of vermin, termites, moths or other insects, unless, and to the extent that, the work involved the treatment of the termites, moths or other insects or the prevention of the action of the vermin, termites, moths or other insects.
- (q) for loss claim, cost, expense or obligation of any kind directly or indirectly arising from or relating to mould, fungus, mildew or spores unless, and to the extent that, the work involved the treatment of mould, fungus, mildew or spores or the prevention of mould, fungus, mildew or spores.
 - (r) for any claim insured under another Policy of insurance issued under or pursuant to the Act.
 - (s) for any claims that were allowed to be excluded by the Act as at the date the certificate of insurance was issued.

How long are you covered for?

This policy covers claims in respect of work made within the period of five (5) years from the completion of the work.

How long do you have to claim?

You must notify us of a claim for loss or damage resulting from all causes within 90 days of when you first became aware, or when you ought reasonably have become aware, of the fact or circumstance giving rise to the claim.

If you notify us of a defect, you are taken to have given notice of every defect to which the defect is directly or indirectly related, whether or not the claim in respect of the defect that was actually notified has been settled.

Making a claim

You must make a claim by completing our claim form. The claim form is available on our website www.qbe.com.

In answering any questions you must be honest and tell us everything you know. We will use this information to decide whether to pay a claim.

You must give us any assistance, information or documents which we request. This includes giving us, our nominated builder and your builder, reasonable access to inspect, rectify or complete the work (unless you have reasonable grounds to refuse access).

You must not make any admissions, offer, promise or payment in connection with any claim.

You must comply with your obligations under the Policy, otherwise we may not have to pay your claim(s).

We will acknowledge receipt of your claim notification within 5 business days. At this time, we will confirm that we have all the required information or we will tell you of any other information needed to enable us to assess your claim.

We will notify you within 30 business days of receiving all the information necessary to assess your claim, if we accept that the builder is dead, has disappeared or is insolvent.

Failures by the builder

We will not either refuse to pay you for a claim under this Policy or reduce any payment under this Policy on the ground that the builder:

- (a) failed to comply with the duty of disclosure; or
- (b) made misrepresentations to us.

We may, however, recover from the builder any amount we pay under this Policy in those circumstances.

General Conditions

Our rights and obligations

We may, at our discretion, fulfil our obligations under this Policy by either engaging or paying a builder to repair or rectify loss or damage or paying you the cost to you of doing so.

Loss prevention

You must take all reasonable steps to prevent and/or minimise any act, error or omission or event which might cause or contribute to a claim under this Policy.

Recovery from others

If we pay a claim, we are entitled to be subrogated to your rights to recover against any other party (including the builder or a contractor or supplier or a liquidator or administrator or the estate of the builder) to the extent of the amount paid by us.

You must not limit or exclude your rights against a party from whom you might otherwise be able to recover in respect of a loss or damage. If you do, our liability to you is reduced to the extent that we can no longer recover from that other party as a result of your actions.

You must provide us with reasonable assistance to recover damages or contribution from any other person.

Goods and services tax

1. Despite the other provisions of this policy, our liability to you will be calculated taking into account any input tax credit to which you would have been entitled to for any acquisition which is relevant to your claim.
2. You must tell us whether you were entitled to claim an input tax credit on the premium at the time of making a claim under the policy. If you do not provide us with this information we may deduct up to 1/11th of the amount otherwise payable in settlement of your claim.
3. If you are registered for GST, this represents the reduction in the cash settlement for claims that would apply based on your entitlement to claim an input tax credit on the replacement goods or services.
4. If you were not entitled to an input tax credit on the premium, this will equal the GST credit to which we would have been entitled if you had disclosed your entitlement.
5. If you are only entitled to a partial input tax credit on the premium, this represents the reduction in the cash settlement for claims that would apply based on your entitlement to claim an input tax credit on the replacement goods or services plus the GST credit to which we may have been entitled if you had disclosed your entitlement.
6. Unless stated otherwise, all amounts payable by us under this policy and all policy limits are inclusive of GST.
7. 'GST', 'input tax credit' and 'acquisition' have the meaning given under the A New Tax System (Goods and Services Tax) Act.

Application of laws

This Policy is subject to the law of South Australia. The law of South Australia includes Commonwealth legislation such as the Insurance Contracts Act. A reference to any legislation is a reference to the legislation as amended from time to time.

Conflict with the Act

This Policy is intended to comply with the requirements set out under the Act. However, if this Policy conflicts with, or is inconsistent with the Act, the Policy must be read and enforceable as if it complies with the Act.



QBE