


Introducing Lot Owners' Contents Cover

An optional benefit for bodies corporate to help simplify the claims process and ease the stress and burden on lot owners at claim time is finally here – introducing Lot Owners' Contents cover!



We'll fix the water damaged walls and ceilings, but you'll have to fix the carpet yourself.

But it's such a small area, why can't you just fix it?

What is Lot Owners' Contents cover?

The above scenario highlights a common industry issue which has existed since the inception of strata insurance itself. A strata lot experiences water damage, with the strata insurer being able to rectify 95% of the damage under the building's insurance policy, only to inform the lot owners that the remaining 5% of damaged items need to be rectified themselves and claimed on their contents insurance policy.

The Lot Owners' Contents option aims to remove this complexity in most cases. If the strata building is damaged by rainwater, storm or escape of liquid, in the event that a lot owners' Fixtures and Fittings within the lot/unit are damaged in the same event, CHU can complete the repairs for both, which can significantly speed up the claims process.

The cover will apply to residential lots only.

How can a claim for Lot Owners' Contents cover be triggered?

Four key components exist in order for Lot Owners' Contents cover to be activated:

1. There must be a claim for Damage that is admitted and accepted under Section 1 (Insured Property) of the Body Corporate's insurance policy;
2. The damage to Insured Property must have been as a result of Rainwater, Storm or Escape of Liquid;
3. The sum insured under Section 1 is not otherwise expended; and
4. The Lot must be used for residential purposes only.

How does Lot Owners' Contents work for mixed use schemes?

The Lot Owners' Contents option can only be purchased by bodies corporate who have been issued a CHU residential strata policy. For mixed use schemes, if the Lot Owners' Contents option is selected, the insured will be prompted to:

- a. Select the limit of cover per lot; and
- b. enter in the number of residential lots within the scheme.

This will ensure that the premium applicable for the Lot Owners' Contents option is assessed on the number of residential units only, rather than the entire number of lots within the mixed use scheme.

What statutory charges apply?

With the trigger for a Lot Owners' Contents claim being a building damage claim admitted under Section 1, all statutory charges including Emergency Services Levy (ESL), GST, Stamp Duty and ARPC terrorism levy will apply (if applicable).

What excess is applicable?

An additional excess is not payable on a Lot Owners' Contents option claim – the applicable excess on the policy would already apply to the building damage claim.

What limits of cover are available?

The Lot Owners' Contents cover will have a \$10,000 or \$20,000 sub-limit per lot option, available for an additional premium.

What type of items are covered under Lot Owners' Contents?

The following Fixtures and Fittings are covered under Lot Owners' Contents while they are within Lot/Unit and are owned by the Lot Owner:

- a. Home appliances such as dishwashers, washing machines and dryers;
- b. Curtains or blinds, carpets, carpet underlay;
- c. Light fittings, ceiling fans or air conditioning units;
- d. Paint, wallpaper and temporary wall, floor and ceiling coverings.

Does Loss of Rent/Temporary accommodation apply to Lot Owners Contents claim?

The following exclusion applies to Lot Owners' Contents:

"any cover otherwise provided under Special Benefit 1 to Section 1 that directly relates to Lot Owners' Contents cover."

What does this mean at claim time?



Rainwater has entered Unit A, causing significant building damage and damage to carpets within the unit.

The rainwater has also leaked into Unit B - no building damage has occurred, but the carpets within the unit will require repair/replacement.

Claim outcome:

Unit A will be able to claim loss of rent or temporary accommodation as building damage has occurred within the unit and claim damaged carpet against Lot Owners' Contents cover.

Unit B will not be able to claim loss of rent or temporary accommodation, but will be able to claim against Lot Owners' Contents cover for the carpets.

Can I obtain Lot Owners Contents' option mid-term via endorsement?

No - the addition of Lot Owners' Contents can only commence from beginning of your forthcoming insurance renewal. This is because at the time of issuing your renewal, the new policy wording and PDS that will apply will have incorporated the Lot Owners' Contents option into the cover.

Does this negate the need for Lot Owners' to have Contents cover?

Not at all – it is imperative that Lot Owners maintain Contents cover for all their valuables and personal belongings. The intention of the Lot Owners' Contents cover option is, when damage has occurred to the strata building as a result of the events noted above, and a small section of the Lot Owner's property is impacted (normally carpets, blinds, furnishings), the claim is simplified by having one party complete the entire rectification process.

Losses outside the claim qualification criteria, and events such as fire, theft, malicious damage are not covered under the Lot Owners' Contents benefit, so a contents policy under the lot owner's name is essential.

The purpose of this document is to provide some additional information about the new Lot Owners' Contents optional extension in our to Residential Strata Insurance Plan QM562 1025.

This document does not form part of any insurance policy and is not used in the assessment of insurance claims. Any insurance claim will be assessed against the PDS and Policy Wording policy terms and conditions and applicable law.

Please read the current Product Disclosure Statement (PDS) and Policy Wording, and Policy Schedule for full details of the terms, conditions and exclusions.

If you have any questions about these changes, please contact us at:

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