

REAL Landlord Preferred Policy

Protecting Your Income



REAL Insurance for REAL Property Investors

REAL LANDLORD PREFERRED POLICY

Welcome to REAL Landlord Insurance NZ Ltd. Thank you for trusting us with the protection of your Rental Investment Property.

This Policy booklet contains all the insurance cover available under your Landlord Preferred Policy.

It is divided into 4 Sections for your convenience. Each Section provides a different type of cover, but you will be automatically covered for each.

The registered address of REAL Landlord Insurance NZ Ltd is PO Box 1167, Whangarei 0140.

In effecting this insurance, REAL Landlord Insurance NZ Ltd, is acting under an authority given to it by QBE Insurance (Australia) Limited.

ABOUT REAL LANDLORD INSURANCE NZ LTD

REAL Landlord Insurance NZ Ltd (formerly known as Terri Scheer Insurance Ltd) was established in New Zealand in 2004 as the New Zealand branch of Terri Scheer Insurance Brokers PTY Ltd.

In October 2006 Diane Nelson obtained the business and has continued to provide Landlord's with insurance. The Company is unique in that it is the only insurance brokerage in New Zealand to specialise solely in landlord insurances.

Recognising that insurance can be confusing, REAL Landlord Insurance NZ Ltd has a product that is easy to use and understand plus they provide personalised training for approved property management companies using this policy, to ensure the best possible results for their landlords.

Visit our website: www.rlinz.co.nz

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Reading your policy document

Thank you for choosing REAL Landlord Insurance.

Your contract of Insurance

This is **your** REAL Landlord policy document, which is one part of **your** insurance contract with **us** and it explains the terms and conditions of the cover that **we** offer.

The other parts of **your** insurance contract are:

- The information **you** gave **us** when **you** applied for or renewed the policy: and
- **Your** policy **schedule**

The information **you** gave **us**, the information showing on **your schedule** and this policy document make up **your** contract of insurance with **us**. Please keep these documents safe and read them together.

You may change your mind

This policy is specific to rental properties managed by Approved Property Management companies that are rented to **tenants** and provides cover as set out in **your** policy **schedule** for

1. Loss of rent
2. **Landlord's contents**
3. **Intentional damage to rental property** (limited cover)
4. Landlord's **liability**

If **you** find the cover **you** have chosen is not what **you** want **you** may change **your** mind and cancel the policy. If **you** or **your** **Property Manager** notify **us** within 30 days from the start date of the policy, **we** will refund any premiums paid in full and cancel the cover provided there have been no claims.

Examples

We have sometimes used examples and comments to make the parts of this policy document easier to understand. These examples and comments, *which are printed in italics*, do not affect or limit the meaning of the section they refer to.

Headings

The headings in this policy document are for reference only and do not form part of it. They must not be used when interpreting the policy document.

Defined Words

If a word is shown in **bold** it has a special meaning. There is a list of these words and their meanings in the section "Words with a Special Meaning".

Current Building/Dwelling Insurance Policy

As **your** REAL Landlords policy only provides limited cover for **your rental property**, you are recommended to have a current Building/Dwelling Insurance Policy.

Words with a Special Meaning

Words with a special meaning are shown in **bold** type and have the same meaning wherever they appear in **your** policy.

The definitions apply to the plural and any derivatives of the words. For example, the definition of 'accident' also applies to the words 'accidentally', 'accidental' and 'accidents.'

Accident

means a sudden happening or **event** that is unforeseen and unintended by **you**.

Act

means the Residential Tenancies Act 1986, or the defined Act, of New Zealand Parliament that is in force or comes into force during the **period of cover** and includes any amendments to or regulations made under the Act.

Act of terrorism

means an act, including but not limited to the use of force or violence and/or threatening the use of force or violence, by any person or group/s of persons, whether acting alone or on behalf of or in connection with any organisation/s or government/s which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

Arrears

means the **tenant's rent** which was not paid in full on or before the tenth working day after the due date.

Electronic data

means facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software and other coded instructions for such equipment.

EQC Act

means the Earthquake Commission Act 1993.

Event

means an incident or occasion or series of incidents or occasions arising from one source or original cause.

Excess

means the first part of any claim that **you** must pay. The amount of the excess will be shown in either **your schedule** or in this policy.

An excess applies to each **accident** causing **loss**. When a single **accident** causes **loss** to more than one item insured by **you** with **us** under multiple policies only one policy excess shall apply. The excess amount that shall apply will be the highest excess or cumulative excess that **we** would apply under any of the policies affected.

How **your** excess is applied

In the **event** of a **loss your** excess will be deducted from **your loss**. For example, if **your** policy limit is \$3,000 and **your** excess is \$500:

- where **your loss** is over \$3,500 **we** will pay the full policy limit of \$3,000; or
- where **your loss** is under \$3,500 **we** will deduct the \$500 excess

and pay the balance. i.e. if **your loss** is \$3,200 **we** will deduct \$500 excess and pay \$2,700.

Intentional damage

means **loss** motivated by wrongful, viscous or mischievous purpose, or with spite, malice or vindictiveness including theft and vandalism with the intention of damaging the rental property caused by the **tenant/s**, their family and/or friends, but does not mean **loss** caused by:

- **you, your** family or someone acting for or on behalf of **you** or **your** family;
 - untidy, unclean, unhygienic living habits or poor housekeeping;
 - lack of care or neglect;
 - failure to control children or domestic pets;
 - repairs carried out or attempted to be carried out by the **tenant**;
 - **accidental loss.**
-

Landlord's contents

means items as detailed in the Tenancy Agreement including furniture, white-ware, furnishings and garden equipment, located at the **rental property**, which are for domestic use by the **tenants** and are owned by **you** or for which **you** are legally liable, including landlord's contents under hire purchase. Landlord's contents also includes:

- carpets or floor coverings that are not smooth edged, tacked or glued to the floor (i.e. Rugs)
- portable spa or swimming pools including their accessories and covers
- blinds, portable light fittings (i.e. lamps), drapes and curtains
- Manchester and linen
- provided by **you** for use by the **tenants**

Landlord's contents does not include:

- items that form part of the **rental property**
 - the **tenant's** personal effects and/or contents
 - **your** personal effects and/or contents in storage at the **rental property**
 - livestock, animals or pets of any kind
 - trees, shrubs and other plant/s (other than pot plants)
 - business equipment
 - any of the following:
 - mechanically propelled vehicles (except domestic garden equipment for use at **your rental property** (i.e. ride on lawn mowers), or their accessories or keys in or on the vehicle
 - motorcycles including mini bikes
 - caravans or trailers
 - aircraft or other aerial or spatial devices of any kind
-

Liability	means the amount you shall become legally liable in New Zealand to pay to a third party for compensation in respect of accidental property loss and/or accidental bodily injury.
Loss	means physical loss, damage or destruction. A series of losses arising from any one accident during a period of 72 consecutive hours will be treated as one loss.
Open air	means in or under any part of the rental property which is not fully enclosed by walls and a roof, such as a veranda, carport, gazebo or outdoor living area within the residential boundaries of the rental property .
Natural disaster	means a natural landslide or natural disaster fire as defined in the EQC Act , an earthquake, volcanic eruption, hydrothermal activity or tsunami.
Period of cover	means the period stated in your schedule/s during which this policy is in force.
Pet	means the dog or cat owned by the tenant that is detailed in the Tenancy Agreement and allowed for in your management authority.
Present value	means the estimated reasonable cost to repair or replace an item in New Zealand with a similar item that is of comparable age, quality and capability, and in the same general condition, i.e. second hand value.
Property manager	means the Approved Property Management Company named in the schedule/s as the Property Manager acting as the manager of your rental property
Rent	means the amount payable by the tenant as rent under the lease/tenancy agreement immediately before the event that caused the loss .
Rental property	means the rental building/dwelling/s or flat/s owned by you , which are rented or leased for domestic use within the residential boundaries of the situation stated in your schedule and includes the following: <ul style="list-style-type: none"> • outbuildings including garage/s; • permanently attached fixtures and fittings; • fixed floor coverings (glued, tacked or smooth edged); • permanently fixed swimming and/or spa pools and their accessories; • tennis court; • underground and overhead services; • solar power and solar water heating systems; • permanently sited water storage tank, septic tank or heating oil tank and its associated equipment but excluding its contents;

- walls (including retaining walls), gates and fences;
- paths, driveways and patios constructed of concrete, brick, pavers or tarseal;
- permanently fixed garden sculptures or artwork;
- other domestic improvements of a structural nature which are permanently fixed or installed and which are not excluded by this policy.

Rental property does not include any of the following:

- temporary structures
- items that form part of **your landlord's contents**
- any common areas
- any part of **your** rental property that is used for business purposes or commercial purposes, unless it is used as a home office
- any part of **your** rental property (other than the rental dwelling or flat) that is used for farming purposes (whether commercial or not)
- any part of **your** rental property that is partly constructed and not suitable for permanent residential use or occupation
- portable aerials or portable satellite dishes
- utility plant and associated equipment;
- well or bore hole and associated equipment;
- cable cars and associated equipment;
- bridges, unless they provide exclusive access to **your** rental property;
- grass, lawn, artificial turf, hedges, trees, shrubs and other plants
- soil or bark (mulch) in gardens
- caravans, trailers or vehicles of any kind
- gravel, stones, shale or soil on paths driveways, patios and/or tennis courts
- wharves, piers, landings, breakwaters, sea walls, jetties or the like
- fords, dams, reservoirs, culverts or slipways
- bridges, unless they provide exclusive access to **your** rental property
- any land, earth or fill

Replacement value

means to repair, replace or reinstate without deduction for age, wear or tear.

Schedule/s

means the most recently dated schedule/s which **we** issue. This includes any schedule/s issued to renew or endorse **your** policy.

Tenant

means the person or persons renting **your rental property** under a tenancy agreement and includes the tenant's family and guests

Uninhabitable

means the **property manager** cannot reasonably re-let **your rental property** until **loss** or damage is repaired, replaced or reinstated. It does not include any period of elective maintenance or improvement.

Vehicle

means any type of machine on wheels, or caterpillar tracks that is made or intended to be propelled by its own power, as well as anything towed by the machine.

We/our/us

means QBE Insurance (Australia) Limited.

You/your

means the landlord and/or the person/s shown on **your schedule/s** as the Insured.

Your policy conditions

All of **your** REAL Landlord policy conditions must be complied with or **we** may be entitled to:

- reject payment of a claim; or
- reduce a claim payment; or
- void **your** policy.

In some cases **you** may not be entitled to a refund of premium.

Arrears

If:

1. cover is not placed at the beginning of the tenancy, and
2. at any time during the two calendar months prior to cover being requested, the **tenant's** rental payments were in **arrears** for 10 days or more, excluding statutory holidays

we will only provide cover under:

- Section Two – Landlord's Content (but excluding **intentional damage** by **tenant's**) and
- Section Four – Landlord's Liability

until such time as the **tenant** has maintained rental payments for two consecutive months without again falling into **arrears** of more than 10 days at a time.

Assignment

You are not to assign or transfer any of **your** entitlements or benefits under this policy to any other person or party without first getting **our** written approval.

Authorisation

Where **you** or **your Property Manager** has effected this insurance, **you** authorise **your Property Manager** to:

- be **your** agent, and
- negotiate and settle the claim, and
- deal with **us** directly, and
- accept payment on **your** behalf.

Bond

When **we** pay a claim for loss of rent only, **we** will not deduct from **our** payment the bond money **you** receive. However, **you** or **your Property Manager** must recover all the bond and use the bond money towards the cost of re-letting **your rental property** including but not limited to cleaning or making good repairs.

If **you** suffer a **loss** and the **tenant's** bond is not returned in full due to a tenancy tribunal order, which states the **tenant** is not liable for compensation associated with **accidental loss**, this may not affect **your** right to claim under this policy.

Care of insured property

You or **your Property Manager** must maintain **your rental property** and **landlord's contents** in good repair and take all reasonable care at all times to avoid circumstances that could result in a claim. In addition, **you** or **your Property Manager** must take all steps available to **you** under the **Act** to reduce **your loss**.

Your claim will not be covered if **you** are reckless or grossly irresponsible.

Changing or cancelling your policy

You or, on **your** instruction, **your Property Manager** may change the terms of this policy at any time as long as **we** agree the change before it takes effect.

By **you**:

You or, on **your** instruction, **your Property Manager** may cancel this policy at any time and, provided there have been no claims, a refund of the premium will be calculated equal to the unexpired period of this policy.

By **us**:

We may cancel or change the terms of this policy (including the **excess**) by writing to **you** at **your** last known postal and **your** email address (if known), or to **your Property Manager**. The cancellation or change will take effect at 4:00pm 30 days after the date **our** communication was sent. On cancellation, a refund of the premium will be calculated equal to the unexpired period of this policy less administration fees.

Claims for more than one cause

Where a claim is possible for more than one cause under one Section of this policy, **you** may only claim for one of those causes. The cause that will be applied will be the one that provides **you** with the greatest level of cover.

Currency

Any amounts shown in **your** REAL Landlord policy and on the **schedule/s** are in New Zealand Dollars.

Failure to act

If **you** or **your Property Manager** fail to take steps available under the **Act** without good reason, then the policy will not pay for **arrears** that have accrued up to the time the **tenant** departs the property or may reduce or decline a claim.

Goods and services tax (GST)

Where GST is recoverable by **us** under the Goods and Services Tax **Act** 1985 all sums insured exclude GST. The following amounts include GST:

- all limits and sub limits;
- all **excesses**.

Governing law

This policy is governed by New Zealand law and the New Zealand Courts have exclusive jurisdiction over any legal proceedings commenced in relation to it.

Joint insurance

If more than one person is named as the Insured or the Insured is a Trust, **we** will treat a statement, act, omission or claim by any one of these people as a statement, act, omission or claim by them all. This means that a change to or breach of this policy by any one person affects everyone covered by this policy.

Limitation of cover

From the point in time the following happens:

- **your rental property** is removed from the rental market, and ceases to become available for rental as per **your** written or verbal instructions to **your Property Manager**; or
- **your rental property** is vacant and advertised for sale; or
- no effort is made to replace the **tenant**,

we will not pay any claim under Section 1: Loss of rent or Section 3: Intentional damage to rental property and cover under Section 2: Landlord's contents, will be limited to **accidental loss** only.

Other parties with a financial interest

If **we** know of any financial interest over **your rental property** and/or **landlord contents**, **we** may pay part or all of any claim proceeds to the holder of that interest.

This payment will go towards meeting the obligations **we** have under this policy for the **loss**.

We are authorised by **you** to disclose personal information about **you** to any holder of a financial interest.

Any party, who is recorded as having a financial interest under this policy, is not covered by this policy and does not have rights to claim under this policy.

Our Agreement

To start or continue this policy, **you** must pay **us**, or have agreed to pay **us**, the premium. In return for the premium, **we** will provide cover as described in this policy.

Reasonable steps to repair and relet

You or **your Property Manager** must demonstrate that all reasonable steps have been taken to repair and re-let **your rental property** as soon as possible after the departure of the **tenant** or when the **loss** is discovered. If **you** fail to do so, **we** will finalise the loss of **rent** claim from the point in time that it would have been reasonable to have repaired any damage and attempted to re-let **your rental property**. (Refer also to 'Failure to act')

Reinstatement of cover

If **we** pay a claim for any partial **loss**, **we** will automatically reinstate **your** cover under this policy once the repair work has been completed and upon payment of a further premium determined by **us**.

Vacant Rental Property

Your REAL Landlord Policy is automatically suspended if **you** or a person authorised by **you** has not resided at **your rental property** overnight on at least one occasion for a period of more than 90 consecutive days.

Your REAL Landlord Policy may be continued, if **you** tell **us** that no one will be residing at **your rental property** and **we** agree that cover will continue. **We** may, at this time, change the terms of the policy.

Your/your Property Manager's obligations

You, and/or **your Property Manager**, must:

1. exercise reasonable care in the selection of **tenant/s** by at least obtaining satisfactory written or verbal references, and
2. complete an internal and external inspection of **your rental property** at a minimum of 6-monthly intervals and upon every change of **tenant/s**, or in compliance with the terms of the house building policy (please refer to **your** Building Policy currently in place) if less than 6 monthly, and
3. keep a written record of the outcome of each inspection, and provide to **us** a copy of the record if **we** request it.

You are required to keep these records and provide them to **us** when **you** make a claim.

Your duty of disclosure and providing accurate information

Please check **your schedule** carefully to make sure the information **you** gave **us** is shown correctly and the cover **you** selected meets **your** needs. Please tell us if this information has changed, is not correct or changes in the future. This includes:

- information about **you**, **your rental property** and/or **landlord's contents** and any person insured by this policy;
- any criminal convictions not subject to the 'clean slate scheme' under the Criminal Records (Clean Slate) **Act 2004**;
- any bankruptcy or insolvency;
- any previous refusal by an insurance company to insure **you**;
- any previous claims, including any claims that were declined by an insurance company;
- any previous **accidents** or history of **losses** – whether **you** were insured at the time or not – including burglary, fire, water damage, wind, flooding and **natural disaster**;
- any pre-existing damage to **your rental property** and/or **landlord's contents**;
- any changes to **your rental property** and/or **landlord's contents** or living conditions, for example:
 - if you start using **your rental property** as a business or if **your rental property** becomes unoccupied for an extended period of time;
 - if you plan to do renovations, extensions or major repairs to **your rental property**;
 - if the **tenants** have criminal convictions.

We want to make sure **you** are properly covered now and every time **you** renew this policy. If **you** are not sure whether **you** need to tell **us** about something just ask **us**. If **you** don't tell **us** and the information is incorrect or changed, **you** may find **you** are not insured when **you** most need to be.

Your claims conditions

What you must do

If anything happens that may lead to a claim, **you** or **your Property Manager** must:

- do as much as **you** can to minimise any **loss** or **liability**;
- take reasonable steps to obtain details of any other person, property or vehicle involved, and any witnesses in relation to the **loss** or **liability**;
- take photographs and make a list of what has suffered **loss**;
- tell **us** as soon as possible;
- tell the Police as soon as possible if property is lost or if **you** suspect theft, burglary, arson, malicious or **intentional damage** to **your rental property** or **landlord's contents**;
- give **us** reasonable access to examine and assess any **loss** or **liability**;
- immediately send **us** any communication received from any other person in relation to the **loss** or **liability**;
- fully co-operate with **us** and complete any documentation **we** require, including;
 - a copy of the **tenant's** rental history records if the claim involves loss of rent, and
 - copies of all property inspection reports if **your** claim involves **intentional damage**;
 - proof of the allocation of all monies deducted from the bond as re-letting expenses, and
 - a copy of any order issued by the Tenancy Tribunal as to the allocation of bond monies, and
 - any court issued documents or any correspondence **you** receive about the claim, and
 - accurate descriptions and specifications to enable **us** and **our** suppliers to replace items as necessary, and
- demonstrate that all reasonable steps have been taken to repair and re-let the property as soon as possible after the departure of the **tenant** or after **loss** is discovered, and
- take all steps available to **you** under the **Act** to prevent **rent arrears** up to the time the **tenant** departs **your rental property**, and
- allow **your** personal information in connection with **your** claim to be disclosed to **us** and for **us** to disclose it to **our** agents assisting with **your** claim.

You or **your Property Manager** must ask and get **our** agreement to:

- dispose of any property involved in a claim;
- incur any expense in making good any **loss**, except as is necessary to minimise any **loss** or safeguard the insured property.

You or your Property Manager must not

- admit responsibility for any **loss** or **liability** or try to negotiate, defend or settle any claim;
- make any false statement or any claim which is fraudulent or dishonest in any respect.

What we may do

- At **our** expense **we** may act in **your** name and on **your** behalf to negotiate, defend or settle any claim and to make recovery from another person for anything covered by this policy.
- Where the claim is settled by a cash payment and a financial interest has been noted on the policy, **we** may make payment direct to the interested party. This will meet **our** obligation to **you** under this policy in respect of the amount paid.

Section 1: Loss of rent

What you are covered for

You are covered for loss of **rent** that **you** receive from **your rental property**, after the **tenant** vacates **your rental property**, during the **period of cover**, and where the bond has been refunded in full, caused by the following:

Note: **We** will not pay more than **you** would be legally entitled to recover from the **tenant** under the tenancy agreement, for example; 3 weeks vacancy period for a periodic tenancy.

1. Un-inhabitable rental property

You are covered for loss of **rent** due to **your rental property** being left **uninhabitable** for a minimum period of 7 days as a result of:

- a) **intentional damage** by:
 - i. a **tenant**, or
 - ii. any guest of a **tenant**, or
 - iii. any person who lives at **your rental property**, or
- b) murder or suicide or attempted murder or suicide at **your rental property**, or
- c) **loss to your landlord's contents** covered by Section 2 – Landlord's contents happening during the **period of cover**.

The most **we** will pay for each **event** is the lesser of:

- a) the **rent** lost until **your rental property** becomes habitable again, allowing within this period up to two weeks to re-let it, and
- b) up to 52-weeks **rent** for a) or b) above or up to 8 weeks **rent** for c) above.

2. Prevention of access

You are covered for loss of **rent** for the period the **tenant** can legally stop paying the **rent** under the tenancy agreement because of:

- a) prevention of access, or
- b) failure of public utilities,

to **your rental property** during the **period of cover** as a result of any **loss** under Section 2: Landlord's contents.

The most **we** will pay for any **event** is up to 52 weeks **rent**.

3. Tenant vacating/absconding without notice

You are covered for loss of **rent** following the **tenant** vacating **your rental property** without giving the required notice during the **period of cover** until **your rental property** is re-tenanted.

The most **we** will pay for any **event** is up to 8 weeks **rent**.

4. Default by the tenant

You are covered for loss of **rent** until **your rental property** is re-tenanted following:

- a) the **tenant** vacating **your rental property** after receiving a notice under Section 56(1)(b)(i) of the **Act**, or
- b) eviction of the **tenant** for breach of the tenancy agreement, other than non-payment of **rent**, if an order of the Tribunal terminating the tenancy is required in order to obtain vacant possession of **your rental property**, provided **your Property Manager** enforces the order of the Tenancy Tribunal within 5 working days of the Tribunal's order, or
- c) eviction of the **tenant** for non-payment of **rent** if an order of the Tribunal terminating the tenancy is required in order to obtain vacant possession of **your rental property**, provided **your Property Manager** enforces the order of the Tenancy Tribunal within 5 working days of the Tribunal's order.

The most **we** will pay is up to 8 weeks **rent** for a) or b) or up to 16 weeks **rent** for c) above.

5. Failure to surrender vacant possession

You are covered for loss of **rent** until the **tenant** vacates **your rental property**, if the **tenant** has:

- a) refused to pay the **rent**, and
- b) resisted all attempts by **you** or **your Property Manager** to gain vacant possession of **your rental property**,

following service of the Tribunal order for possession or eviction upon the **tenant**.

The most **we** will pay for any **event** is up to 20 weeks **rent**.

6. Death of the sole tenant

You are covered for loss of **rent** until **your rental property** is re-tenanted following the death of the **tenant** under a sole tenancy.

The most **we** will pay for any **event** is up to 8 weeks **rent**.

7. Court awarding release from a fixed term lease

You are covered for loss of **rent** until **your rental property** is re-tenanted due to the Tenancy Tribunal awarding the **tenant** a release from a fixed term lease obligation due to hardship that is over and above the amount of the bond.

The most **we** will pay for any **event** is up to 8 weeks **rent**.

Special benefit

In addition, **you** may claim for any of the Special Benefits listed below when **you** have a valid loss of **rents** claim.

1. Bailiff costs

Your REAL Landlord policy is extended to include a contribution towards incurred bailiff costs.

The most **we** will pay is up to \$300 for each claim.

2. Change of locks

Your REAL Landlord policy is extended to include a contribution towards the incurred costs to change keys and locks.

The most **we** will pay is up to \$300 for each claim.

3. Removal of rubbish

Your REAL Landlord policy is extended to include a contribution towards **your** incurred clean-up costs for rubbish removal.

The most **we** will pay is up to \$200 for each claim.

Limits to what we will pay

1. Tenancy agreement

We will not pay more than **you** would be legally entitled to recover from the **tenant** under the tenancy agreement, for example; 3 weeks vacancy period for a periodic tenancy.

2. Maximum amount payable

The most **we** will pay for loss of **rent** under this policy is shown on **your schedule**.

What you are not covered for

1. Excess

You are not covered for the **excess** which is 50% of 1 weeks **rent** for each **event**.

2. Market conditions

Your REAL Landlord policy does not cover **rent** lost during any part of the period that **your rental property** cannot be re-tenanted or re-let primarily due to prevailing unfavourable rental market conditions.

Section 2: Landlord's contents

What you are covered for

You are covered for **accidental loss** and/or **intentional damage** to **landlord's contents** during the **period of cover**.

What we will pay

We will pay **you**, at **our** option, the lesser of:

- the reasonable costs actually incurred to repair or replace the **landlord's contents**; or
- the amount **we** estimate is equivalent to the cost of repairing or replacing the **landlord's contents**; or
- the sum insured shown on **your schedule**.

How your claim will be settled

We will pay **replacement value** for all items under 10 years of age, except for manchester and linen.

We will pay **present value** for all items 10 years old and over including manchester and linen.

Special benefit

1. Illegal substances protection

We will provide cover for **accidental loss** as a result of the use, manufacture, storage or distribution of any controlled drug as defined in the Misuse of Drugs **Act** 1975:

- \$25,000 for illegal substance contamination damage and up to \$5,000 for testing costs relating to the current claim only, when illegal substance contamination testing has been carried out prior to each tenancy commencing and **you** provide to **us** copies of all the test results if **we** ask for them; or
- \$10,000 for illegal substance contamination damage, when no illegal substance contamination testing has been carried out.

2. Landlord's contents in the open air

Your REAL Landlord policy is extended to include **loss** caused by theft or vandalism of **landlord's contents** while in the **open air** within the boundary of **your rental property**.

The most **we** will pay is up to \$500 for each claim.

3. Natural disaster

Your policy is extended to cover **loss to landlord's contents** during the **period of cover** caused by **natural disaster** or as a direct result of measures taken under proper authority to avoid the spread, or otherwise mitigate the consequences, of a **natural disaster**.

The most that **we** will pay is the difference between the **natural disaster** cover and the sum insured stated in **your schedule** provided that **we** do not pay:

- for any **excess** which applies to the **natural disaster** cover; and
- until the **natural disaster** cover has been paid or has been agreed to be paid to **you** by the Earthquake Commission.

We will also pay for **loss** caused by **natural disaster** during the **period of cover** to **landlord's contents** where there is no **natural disaster** cover, subject to all the terms, conditions, limits and exclusions of this policy.

4. Floor coverings

Where cover would have been provided by this section of **your** policy had fixed floor coverings (glued, tacked or smooth edged) been included in the definition of **landlord's contents**, **your** REAL Landlord policy is extended to include cover for fixed floor coverings should **your rental property** Building/Dwelling Insurer either decline cover or does not provide cover for fixed floor coverings under **your rental property** Building/Dwelling policy.

The most **we** will pay is up to \$3,000 for each claim and up to \$6,000 in any one **period of cover**.

5. Pet damage

The following applies only when the **tenant** has vacated **your rental property** and a valid claim is payable;

Your REAL Landlord policy is extended to include **loss to landlord's contents**, and the fixed floor coverings (glued, tacked or smooth edged) of **your rental property** where they are not covered by **your rental property** Building/Dwelling Insurance policy, caused by a **pet**.

If **you** collected a **pet** deposit from the **tenant**, this must be applied to any costs for **loss** caused by **pets** prior to making a claim.

The most **we** will pay is up to \$2,000 in any one **period of cover**.

Limits to what we will pay

1. Substantially the same

Where **we** are providing the full cost of replacing or repairing the **loss to your landlord's contents** it may not be reasonably practicable to replace or repair **your landlord's contents** exactly as they were. In which case **we** may, at **our** option, pay **you** the costs to replace or repair **your landlord's contents** to a state as close to their original condition as is reasonably practicable.

2. Pairs, sets and collectibles

If the item that suffers **loss** forms part of a pair, set or collection, **we** will only pay the reasonable costs of replacing or repairing the item that has suffered **loss**. **We** do not pay for any special value the item may have as part of the pair, set or collection.

3. Similar items

Where any similar items forming part of **your landlord's contents** suffer **loss**, **we** will endeavour to match these to the remaining item/s. However, **we** will not incur any additional repair or replacement costs in doing so and **we** will not replace or alter similar items that have not sustained damage.

4. Window and floor coverings

We will only pay for the cost of replacing or repairing floor coverings, wall coverings, drapes, curtains or blinds in the room/s where the **loss** occurred.

5. Furniture coverings

We will only pay to replace furniture coverings if:

- a) more than 25% of the covering of an item of furniture is damaged,
- b) the item of furniture is less than 10 years old, and
- c) restoration or repair has been unsuccessful.

Otherwise **we** will pay the **present value** of the furniture covering.

6. Not repairing or replacing

Should **you** decide not to repair or replace any of the items that have suffered **loss** **we** will pay **you** the **present value** of those items.

7. Maximum amount payable

The most **we** will pay for **landlord's contents** is shown on **your schedule**.

The maximum combined amount **we** will pay under Section 2: Landlord's contents and Section 3: Intentional damage to rental property, for:

- **intentional damage** is the sum insured shown as **landlord's contents** on **your schedule**;
- illegal substance contamination damage for the:
 - REAL Traditional option is \$25,000;
 - REAL Advantage option is \$30,000;
 - REAL Optimum option is \$35,000;plus \$5,000 for testing costs, where these are applicable; or
 - \$10,000, where when no illegal substance contamination testing has been carried out.

What you are not covered for

1. Excess

You are not covered for any **excess**. The **excess** for **loss** caused by:

- **accidental** damage is \$250 for each claim, or
- **intentional damage** and/or illegal substance contamination damage is \$500 for each claim, or
- for illegal substance contamination \$2,500, where testing was not taken prior to each new tenancy

2. Causes of loss

Your policy does not cover **loss** caused:

- by insects or vermin including opossums; or
- by defect in materials, workmanship or design; or
- by any process of cleaning, repairing or restoring; or
- by mechanical, electrical or electronic breakdown or failure unless burning out occurs as a result of an **accidental** external force; or
- by the action of light; or
- by animals or pets; or
- to fuses, protective devices, lighting or heating elements caused by electricity; or
- by tree lopping or felling; or
- removal of a fallen tree or branch except where the fallen tree or branch has caused **accidental loss** to **landlord's contents**.

However, this exclusion only applies to the part of **landlord's contents** directly affected. Your policy will cover any resulting **accidental loss** to any other part or item of **landlord's contents** not otherwise excluded.

3. Gradual damage

Your policy does not cover any **loss** caused by:

- wear and tear;
- mildew, rot, corrosion, rust or gradual deterioration.

4. Natural disaster

Your policy does not cover **loss** to **landlord's contents** by **natural disaster** other than the cover provided by the 'Natural Disaster' Special benefit.

Section 3: Intentional damage to rental property

This section only applies if **your rental property** Building/Dwelling Insurer either declines cover or does not provide cover for **intentional damage** or damage caused by illegal substances under **your rental property** Building/Dwelling policy. **You** must provide evidence of **your rental property** Building/Dwelling Insurer's declinature/non-insurance in writing along with a Police report.

What you are covered for

You are covered for **intentional damage** to **your rental property** during the **period of cover**.

What we will pay

We will pay **you**, at **our** option, the lessor of:

- the reasonable costs actually incurred to repair or rebuild the part of **your rental property** that has suffered **loss**; or
- the amount **we** estimate is equivalent to the cost to repair or rebuilt the part of **your rental property** that has suffered **loss**; or
- the sum insured stated on **your schedule**.

Special benefit

Illegal substances protection

Your policy is extended to include cover for **accidental loss** as a result of the use, manufacture, storage or distribution of any controlled drug as defined in the Misuse of Drugs **Act** 1975, up to:

- the sum insured stated on **your schedule** for illegal substance contamination damage, plus up to an additional \$5,000 for testing costs relating to the current claim only, when illegal substance contamination testing has been carried out prior to each tenancy commencing and **you** provide to **us** copies of all the test results if **we** ask for them; or
- \$10,000 for illegal substance contamination damage, when no illegal substance contamination testing has been carried out.

Limits to what we will pay

Maximum amount payable

The most **we** will pay is the sum insured shown on **your schedule**.

The maximum combined amount **we** will pay under Section 2: Landlord's contents and Section 3: Intentional damage to rental property, for:

- **intentional damage** is the sum insured shown as **landlord's contents** on **your schedule**;
- illegal substance contamination damage for the:
 - REAL Traditional option is \$25,000;
 - REAL Advantage option is \$30,000;
 - REAL Optimum option is \$35,000;plus \$5,000 for testing costs, where these are applicable; or
 - \$10,000, where when no illegal substance contamination testing has been carried out.

What you are not covered for

1. Excess

You are not covered for any **excess**. The **excess** for

- REAL Traditional option is \$500;
- REAL Advantage and Optimum option is \$750; and
- Illegal substance contamination damage is \$2,500, where **your rental property** has not been tested prior to each tenancy.

2. Fire and explosion

Your policy does not cover **loss**, costs or expenses caused by fire or explosion connected in any way with **intentional damage** and/or the use, manufacture, storage or distribution of any controlled drug as defined in the Misuse of Drugs **Act** 1975.

Section 4: Landlord's liability

What you are insured for

Your policy covers **you** during the **period of cover**, for:

1. Property of others

Your liability as owner of **your rental property** and/or **your landlord's contents** for the **accidental loss** to property other than property belonging to **you** or a member of **your** family.

The most **we** will pay for any one **event** is \$2,000,000 (or any lesser amount for which the **liability** can be settled) plus legal costs and expenses incurred with **our** express consent. If **we** do so, this meets **our** obligations under this section in full.

2. Forest and Rural Fires Act

Any amount which **you** are legally required to pay under Section 43, 46 or 46A of the Forest and Rural Fires Act 1977 arising from **your** ownership of **your rental property** in connection with an **accident**.

The most **we** will pay for any one **event** is \$1,000,000 (or any lesser amount for which the **liability** can be settled) including any investigation, defence costs and expenses incurred with **our** express consent. If **we** do so, this meets **our** obligations under this section in full.

3. Accidental death or bodily injury of others

Your liability as owner of **your rental property** and/or **your landlord's contents** for the **accidental** death or **accidental** bodily injury to any person, other than **you** or a member of **your** family.

The most **we** will pay for any one **event** is \$1,000,000 (or any lesser amount for which the **liability** can be settled) plus legal costs and expenses incurred with **our** express consent. If **we** do so, this meets **our** obligations under this section in full.

What you are not insured for

1. Business use

Your policy does not cover **liability**, costs or expenses connected in any way or arising from any business, profession or employment, or earning of any income (other than the **rent** received from **your rental property**).

2. Deliberate reckless acts

Your policy does not cover **liability**, costs or expenses connected in any way with deliberate reckless acts by **you**, **your** family or another person with **your** express or implied consent.

3. Other liabilities

Your policy does not cover **liability** caused by, or in connection with, or arising from or in any way related to:

- the ownership or use of any:
 - » mechanically propelled vehicle (except domestic garden equipment for use at **your rental property**);
 - » trailer or caravan;
 - » boat or waterborne vessel other than watercraft;

» aircraft or aerial or spatial device unless it is a model or toy not able to carry more than its own weight;

- an agreement, unless **you** would have been liable anyway, even without the agreement;
- the ownership of any land or building other than **your rental property**;
- the occupation or use of any premises other than **your rental property**;
- asbestos in whatever form or quantity;
- vibration, removal, or weakening of support;
- punitive or exemplary damages or fines.

4. Your property or property in your care or control

Your policy does not cover **liability** for damage to property belonging to **you** or property under **your** care or control.

Your policy exclusions

1. Asbestos

Your policy does not cover **loss, liability**, costs or expenses directly or indirectly caused by, resulting from or in connection with:

- the mining, processing, transporting, distributing or storing of asbestos,
- the manufacturing or processing of materials that contain asbestos,
- any process of decontamination, treatment or control of asbestos,
- the presence of asbestos in **your rental property** or structure,
- pollution or contamination by asbestos.

2. Consequential loss

Your policy does not cover **loss, liability**, costs or expenses for any intangible **loss**, loss of use, loss of enjoyment, loss of value or consequential **loss** of any kind.

For example: having to hire a washing machine because **yours** was stolen.

3. Electronic data

Your policy does not cover **loss, liability**, costs or expenses from any cause whatsoever, regardless of any other contributing cause or **event** whenever it may occur for:

- the total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of **electronic data**;
- any error in creating, amending, entering, deleting or using **electronic data**; or
- the total or partial inability or failure to receive, send, access or use **electronic data** for any time or at all.

4. Illegal substances

Your policy does not cover **loss** or **liability**, or resultant **loss** or **liability**, arising directly or indirectly out of or connected in any way with the use, manufacture, storage or distribution at **your rental property** of any controlled drug as defined in the Misuse of Drugs **Act** 1975, other than the cover provided by the 'Illegal substances protection' Special benefit under Section 2: Landlord's contents and/or Section 3: Intentional damage to your rental property.

5. Nuclear

Your policy does not cover **loss, liability** or expense directly or indirectly caused by or contributed to by or arising from:

- nuclear weapons material;
- ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- the radioactive, toxic, explosive, or other hazardous or contaminating properties of any radioactive matter.

6. Operation of law

Your policy does not cover **loss** or **liability**, or resultant **loss** or **liability**, arising directly or indirectly out of or connected in any way with lawful seizure, confiscation, nationalisation, requisition, repossession, destruction or damage by or under the order of any government or public or local authority.

7. Other insurance

Your policy does not cover **loss** or **liability** where cover is provided by any other insurance, not provided by **us**. **You** must tell **us** as soon as **you** are aware of any other insurance that provides the same or similar cover as provided by **your** policy.

8. Sanctions

Your policy does not cover **loss**, **liability** or benefit to the extent that the provision of such cover, payment of such claim or provision of such indemnity would expose **us** to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom, United States of America, Australia or New Zealand.

9. Subsidence

Your policy does not cover **loss** or **liability** connected in any way with land movement, subsidence, settling, ground heave, shrinkage, expansion or erosion.

10. Terrorism

Your policy does not cover **loss**, **liability**, costs or expenses of whatsoever nature directly or indirectly caused by, resulting from or in connection with:

- any **act of terrorism** regardless of any other cause or **event** contributing concurrently or in any other sequence to the **loss**;
- any action taken in controlling, preventing, suppressing or in any way relating to any **act of terrorism**.

11. War

Your policy does not cover **loss** or **liability** occasioned by or through or in consequence directly or indirectly of any of the following occurrences, namely:

- war, invasion, acts of foreign enemies, hostilities or war-like operations (whether war be declared or not), or civil war;
- mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power.