



Insurance Contracts Regulations 1985

Statutory Rules 1985 No. 162 as amended

made under the

Insurance Contracts Act 1984

This compilation was prepared on 1 July 2000
taking into account amendments up to SR 2000 No. 118

Prepared by the Office of Legislative Drafting,
Attorney-General's Department, Canberra



Insurance Contracts Regulations 1985

Statutory Rules 1985 No. 162 as amended

made under the

Insurance Contracts Act 1984

Contents

	Page
Part I Preliminary	
1 Name of regulations [see Note 1]	4
2 Interpretation	4
2A Definition of <i>consumer credit insurance</i>	7
2B Eligible contracts of insurance (Act s 21A (9))	7
3 Notice of duty of disclosure	8
4 Prescribed rate of interest — subparagraph 30 (2) (b) (i) of the Act	9

	Page
Part II Standard cover	
Division 1 Motor vehicle insurance	
5 Prescribed contracts	10
6 Prescribed events	10
7 Exclusions	11
8 Minimum amounts	14
Division 2 Home buildings insurance	
9 Prescribed contracts	16
10 Prescribed events	16
11 Exclusions	17
12 Minimum amounts	19
Division 3 Home contents insurance	
13 Prescribed contracts	20
14 Prescribed events	20
15 Exclusions	21
16 Minimum amounts	23
Division 4 Sickness and accident insurance	
17 Prescribed contracts	25
18 Prescribed events	25
19 Exclusions	26
20 Minimum amounts	27
Division 5 Consumer credit insurance	
21 Prescribed contracts	29
22 Prescribed events	29
23 Exclusions	30
24 Minimum amounts	31
Division 6 Travel insurance	
25 Prescribed contracts	32
26 Prescribed events	32
27 Exclusions	33
28 Minimum amounts	35
Division 7 Limits on minimum amounts	
29 Limits on minimum amounts	36

	Page	
Part III	Miscellaneous	
30	Classes of contracts of insurance in relation to which section 46 of the Act does not apply	37
31	Classes of contracts of insurance in relation to which section 53 of the Act does not apply	37
32	Rate of interest on withheld payment — section 57 of Act	38
33	Notices under section 71A (2) of the Act — prescribed matters	39
34	Notices under section 71A (3) of the Act	40
35	Notices under section 71A (5) of the Act	41
Schedule 1	Writing to inform insureds of general nature and effect of duty of disclosure	43
Part 1	Contracts of general insurance	43
Part 2	Contracts of life insurance	44
Part 3	Certain eligible contracts of insurance	45
Schedule 2	Words to inform insureds of general nature and effect of duty of disclosure under certain eligible contracts of insurance	46
Schedule 3	Consumer credit insurance	47
Notes		50

Regulation 1

Part I Preliminary

1 Name of regulations [see Note 1]

These regulations are the *Insurance Contracts Regulations 1985*.

2 Interpretation

- (1) In these Regulations, unless the contrary intention appears:

accidental damage, in relation to a thing, means damage that occurs to the thing fortuitously in relation to the insured.

accidental injury means an injury that occurs fortuitously to the insured person but does not include an injury that is caused by or results from a sickness or disease.

the Act means the *Insurance Contracts Act 1984*.

contents, in relation to a residential building, means:

- (a) furniture, furnishings and carpets (whether fixed or unfixed);
- (b) household goods;
- (c) clothing and other personal effects;
- (d) any of the following:
 - (i) a picture;
 - (ii) a work of art;
 - (iii) a fur;
 - (iv) a piece of jewellery;
 - (v) a gold or silver article;
 - (vi) a document of any kind;
 - (vii) a collection of any kind;the value of all of which at the time when the relevant contract of insurance is entered into does not exceed \$500; and
- (e) swimming pools that are not fixtures, that are owned by the insured or by a member of the insured's family

Regulation 2

ordinarily residing with the insured, but does not include an article or thing to which the expression *residential building* extends.

eligible contract of insurance has the meaning given in regulation 2B.

expropriation, in relation to property, means the lawful seizure, confiscation, nationalization or requisition of the property.

home building means:

- (a) a building used principally and primarily as a place of residence; and
- (b) out-buildings, fixtures and structural improvements used for domestic purposes, being purposes related to the use of the principal residence;

on the site and, without limiting the generality of the expression, includes:

- (c) fixed wall coverings, fixed ceiling coverings and fixed floor coverings (other than carpets);
- (d) services (whether underground or not) that are the property of the insured or that the insured is liable to repair or replace or pay the cost of repairing and replacing; and
- (e) fences and gates wholly or partly on the site;

but does not include:

- (f) a hotel;
- (g) a motel;
- (h) a boarding house;
- (j) a building that is in the course of construction;
- (k) a temporary building or structure or a demountable or moveable structure;
- (m) a caravan (whether fixed to the site or not); or
- (n) a building that is let or rented by the insured, as lessor, as a business and is not the principal residence of the insured.

insured person, in relation to a contract of insurance, means a person specified in the contract as a person in respect of whose death, sickness, disease, injury or unemployment insurance cover is provided under the contract.

Regulation 2

member of the insured person's travelling party means a member of the family of the insured person, or a person specified in the contract of insurance, travelling or intending to travel with the insured person on the specified journey.

motor vehicle means a vehicle that is designed:

- (a) to travel by road;
- (b) to use volatile spirit, steam, gas, oil, electricity or any other power (not being human power or animal power) as its principal means of propulsion; and
- (c) to carry passengers;

and includes a motor cycle but does not include an omnibus or a tram or a motor vehicle the carrying capacity of which exceeds 2 tonnes.

personal belongings means baggage and other personal effects (including tickets, credit cards, travellers cheques, travel documents and passports) that accompany the insured person on the specified journey (whether acquired before or during the journey) or have been collected from the insured person by a carrier in order to be taken on the specified journey, but does not include:

- (a) currency notes, bank notes or coins; or
- (b) goods so taken that are intended for trade.

residential building means:

- (a) a building used principally and primarily as a place of residence; and
- (b) out-buildings used for domestic purposes, being purposes related to the use of the principal residence;

on the site but does not include:

- (c) a hotel;
- (d) a motel;
- (e) a boarding house;
- (f) a building that is in the course of construction;
- (g) a temporary building or structure or a demountable or moveable structure;
- (h) a caravan (whether fixed to the site or not); or
- (j) a building that is let or rented by the insured, as lessor, as a business and is not the principal residence of the insured.

Regulation 2B

site, in relation to a building, means the site specified in the relevant contract of insurance as the site on which the building is situated.

specified journey means a journey in relation to which insurance cover is provided by the relevant contract of insurance.

warlike activities means invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, looting, sacking or pillage following any of these.

- (2) Where a residential building is a part of a building that has been subdivided under a law of a State or Territory that relates to the subdivision of buildings into strata (however described), a reference in these Regulations to the contents of the residential building includes a reference to such of the fixtures and structural improvements in the part of the building as are not insured under a contract of insurance that provides insurance cover in respect of the destruction of, or damage occurring to, the building, being a contract under which the body corporate established by or under that law is the insured.
- (3) A reference in these Regulations to a period during which a person is disabled is a reference to a period specified in a certificate given by a duly qualified medical practitioner that certifies that the person is disabled during that period.

2A Definition of *consumer credit insurance*

For the purposes of paragraph (b) of the definition of *consumer credit insurance* in subsection 11 (1) of the Act, the class of contracts referred to in regulation 21 is identified as consumer credit insurance.

Note For the purposes of paragraph (a) of the definition of *consumer credit insurance* (a class of contracts declared to be a class of contracts to which Division 1 of Part V of the Act applies), see regulation 21.

2B Eligible contracts of insurance (Act s 21A (9))

- (1) A contract of insurance is an *eligible contract of insurance* if it:

Regulation 3

- (a) is for new business; and
- (b) is wholly in a class of contracts that is declared to be a class of contracts in relation to which Division 1 of Part V of the Act applies.

Note The following regulations declare certain classes of insurance contracts for Division 1 of Part V of the Act:

- regulation 5 (motor vehicle insurance)
- regulation 9 (home buildings insurance)
- regulation 13 (home contents insurance)
- regulation 17 (sickness and accident insurance)
- regulation 21 (consumer credit insurance)
- regulation 25 (travel insurance)

- (2) A contract of insurance is an *eligible contract of insurance* if:
 - (a) it is not mentioned in subregulation (1); and
 - (b) it is for new business; and
 - (c) the insurer, before the contract is entered into, gives to the insured:
 - (i) a written notice in accordance with the form set out in Part 3 of Schedule 1; or
 - (ii) an oral notice in accordance with the words set out in Schedule 2; or
 - (iii) a notice otherwise complying with subsection 22 (1) of the Act clearly informing the insured of the general nature and effect of the duty of disclosure and the general nature and effect of section 21A of the Act.

3 Notice of duty of disclosure

- (1) The form of writing that may be used to inform an insured of the matters mentioned in subsection 22 (1) of the Act is:
 - (a) for a contract of general insurance that is not an eligible contract of insurance — the form set out in Part 1 of Schedule 1; and
 - (b) for a contract of life insurance — the form set out in Part 2 of Schedule 1; and
 - (c) for an eligible contract of insurance — the form set out in Part 3 of Schedule 1.

Regulation 4

- (2) The words that may be used to inform an insured orally of the matters mentioned in subsection 22 (1) of the Act for an eligible contract of insurance are set out in Schedule 2.

Note Section 69 of the Act provides for the circumstances in which information that is required by other provisions of the Act to be given in writing may be given orally.

**4 Prescribed rate of interest —
subparagraph 30 (2) (b) (i) of the Act**

For the purposes of subparagraph 30 (2) (b) (i) of the Act, the rate of 11 per cent per annum is prescribed.

Regulation 5

Part II Standard cover

Division 1 Motor vehicle insurance

5 Prescribed contracts

The following class of contracts of insurance is declared to be a class of contracts in relation to which Division 1 of Part V of the Act applies, namely, contracts that provide insurance cover (whether or not the cover is limited or restricted in any way) in respect of one or more of the following:

- (a) loss of, or damage to, a motor vehicle;
- (b) liability for loss of, or damage to, property caused by or resulting from impact of a motor vehicle with some other thing;

where the insured or one of the insureds is a natural person.

6 Prescribed events

The following, except insofar as they are excluded by regulation 7, are declared to be prescribed events in relation to a contract referred to in regulation 5:

- (a) the occurrence within Australia of the destruction or, theft of, or accidental damage to, the motor vehicle specified in the contract;
- (b) the occurrence within Australia of accidental damage to, or the theft of:
 - (i) a tool or appliance that is standard equipment for the motor vehicle specified in the contract; or
 - (ii) an accessory that forms part of that motor vehicle; at a time when the tool, appliance or accessory is attached to or within the motor vehicle;
- (c) the insured or a person:
 - (i) who, with the express or implied consent of the insured, was driving, using or in charge of the motor vehicle at the relevant time; or

Regulation 7

- (ii) who, at the relevant time, was an authorized passenger in the motor vehicle or, if the motor vehicle is a motor cycle, who, at the relevant time, was an authorized passenger on the motor vehicle;
incurring a liability (otherwise than under a contract) to pay compensation or damages in respect of loss of, or damage occurring to, property (not being the motor vehicle or a tool, appliance or accessory as mentioned in paragraph (b)) in Australia, being loss or damage that occurs as a result of the use of:
 - (iii) the motor vehicle; or
 - (iv) a trailer or caravan attached to the motor vehicle;
- (d) a person who, at the relevant time, was an employer, principal or partner of the insured, incurring a liability (otherwise than under a contract) as employer, principal or partner, respectively, to pay compensation or damages in respect of loss of, or damage occurring to, property (not being the motor vehicle or a tool, appliance or accessory as mentioned in paragraph (b)) in Australia, being loss or damage that occurs as a result of the use of:
 - (i) the motor vehicle; or
 - (ii) a trailer or caravan attached to the motor vehicle.

7 Exclusions

The following are excluded:

- (a) depreciation;
- (b) wear and tear, rust or corrosion;
- (c) structural failure or mechanical or electrical breakdown or failure;
- (d) the tyres of the motor vehicle being damaged by application of brakes or by road punctures, cuts or bursting;
- (e) destruction or damage, or the incurring of a liability as mentioned in paragraph 6 (c) or (d), at a time when:

Regulation 7

- (i) the motor vehicle is being used in, or tested in preparation for, racing, pacemaking, a reliability trial or a speed or hill-climbing test by the insured or by some other person with the express or implied consent of the insured;
- (ii) the motor vehicle, trailer or caravan is being used:
 - (A) in an experiment, test, trial or demonstration; or
 - (B) in the case of a motor vehicle, to tow some other vehicle;in connection with the motor trade by the insured or by some other person with the express or implied consent of the insured;
- (iii) the motor vehicle, trailer or caravan:
 - (A) is let on hire by the insured as lessor; or
 - (B) is being used in the course of the business of carrying passengers or goods for hire or reward by the insured or by some other person with the express or implied consent of the insured;
- (iv) the motor vehicle, trailer or caravan is in the possession of a person as part of the person's stock in trade;
- (v) the motor vehicle, trailer or caravan is being used for an unlawful purpose by the insured or is being so used by some other person with the express or implied consent of the insured;
- (vi) the insured is driving the motor vehicle and is not authorized under the law in force in the State or Territory in which the motor vehicle is being driven, being a law with respect to the licensing of drivers of motor vehicles, to drive the motor vehicle;
- (vii) a person other than the insured:
 - (A) is driving the motor vehicle with the express or implied consent of the insured; and
 - (B) is not authorized under the law in force in the State or Territory in which the motor vehicle is being driven, being a law with respect to

Regulation 7

the licensing of drivers of motor vehicles, to drive the motor vehicle;

and the insured knew or should reasonably have known, at the time when the consent was given or impliedly given, that that person was not so authorized;

(viii) the insured is driving the motor vehicle and is under the influence of intoxicating liquor or of a drug; or

(ix) a person other than the insured:

(A) is driving the motor vehicle with the express or implied consent of the insured; and

(B) is under the influence of intoxicating liquor or of a drug;

and the insured knew or should reasonably have known, at the time when the consent was given or impliedly given, that that person was or was to be at the relevant time under that influence;

(f) destruction or damage, or the incurring of a liability as mentioned in paragraph 6 (c) or (d), as a result of:

(i) the expropriation of the motor vehicle, trailer or caravan;

(ii) war or warlike activities;

(iii) the use, existence or escape of nuclear weapons material, or ionizing radiation from, or contamination by radioactivity from, any nuclear fuel or nuclear waste from the combustion of nuclear fuel; or

(iv) the unroadworthy or unsafe condition of the motor vehicle, caravan or trailer concerned, being a condition that was known to the insured, or should reasonably have been known to the insured, at the time of the occurrence of the loss or damage or the incurring of the liability;

(g) destruction or damage intentionally caused by, or a liability as mentioned in paragraph 6 (c) or (d) intentionally incurred by, the insured or a person acting with the express or implied consent of the insured;

Regulation 8

- (h) destruction or damage occurring as a result of the insured failing to take steps that are, in the circumstances, reasonable for the security of the motor vehicle after accidental damage has occurred to it;
- (j) the incurring of a liability as mentioned in paragraph 6 (c) or (d) (whether to the insured or to some other person) in respect of damage to property that belongs to, or is in the custody of, the person so liable;
- (k) the incurring of a liability as mentioned in paragraph 6 (c) or (d) by a person other than the insured at a time when that person is driving the motor vehicle and:
 - (i) is not authorized under the law in force in the State or Territory in which the motor vehicle is being driven, being a law with respect to the licensing of drivers of motor vehicles, to drive the motor vehicle; or
 - (ii) is under the influence of intoxicating liquor or of a drug;
- (m) the incurring of a liability to pay compensation or damages in respect of loss or damage, where:
 - (i) the loss or damage occurred as a result of the use of a trailer or caravan attached to the motor vehicle; and
 - (ii) there were, at the time the loss or damage occurred, two or more trailers or caravans, or one or more trailers and one or more caravans, attached to the motor vehicle.

8 Minimum amounts

- (1) Subject to these Regulations, for the purposes of section 34 of the Act, the minimum amount in respect of a claim made under a contract referred to in regulation 5, being a claim arising out of an event referred to in paragraph 6 (a) or (b), is declared to be the amount sufficient to indemnify the person who made the claim.
- (2) Subject to these Regulations, for the purposes of section 34 of the Act, the minimum amount in respect of a claim made under a contract referred to in regulation 5, being a claim that arises

Regulation 8

out of an event referred to in paragraph 6 (c) or (d), is declared to be the amount, not exceeding \$5,000,000, sufficient to indemnify the person who made the claim in respect of his or her liability.

- (3) Where there is more than one such claim arising out of the same event, being an event referred to in paragraph 6 (c) or (d), then, for the purposes of section 34 of the Act, the minimum amount in respect of a claim made after the first of those claims has been made is declared to be the amount sufficient to indemnify the person who made the claim or the amount ascertained by subtracting from \$5,000,000 the amount or the sum of the amounts, as the case may be, that the insurer has paid, or is liable to pay, in respect of the claim or claims arising out of that event that have already been made, whichever is the lesser.

Regulation 9

Division 2 Home buildings insurance

9 Prescribed contracts

The following class of contracts of insurance is declared to be a class of contracts in relation to which Division 1 of Part V of the Act applies, namely, contracts that provide insurance cover (whether or not the cover is limited or restricted in any way) in respect of destruction of or damage to a home building, where the insured or one of the insureds is a natural person.

10 Prescribed events

The following, except in so far as they are excluded by regulation 11, are declared to be prescribed events in relation to a contract referred to in regulation 9:

- (a) the destruction of, or damage occurring to, the home building on the site, being destruction or damage that is caused by or results from:
 - (i) fire or explosion;
 - (ii) lightning or thunderbolt;
 - (iii) earthquake;
 - (iv) theft, burglary or housebreaking or an attempt to commit theft, burglary or housebreaking;
 - (v) a deliberate or intentional act;
 - (vi) bursting, leaking, discharging or overflowing of fixed apparatus, fixed tanks or fixed pipes used to hold or carry liquid of any kind;
 - (vii) riot or civil commotion;
 - (viii) an action of a person acting maliciously;
 - (ix) impact by or arising out of the use of a vehicle (including an aircraft or a water-borne craft);
 - (x) impact by:
 - (A) space debris or debris from an aircraft, rocket or satellite;
 - (B) an animal (other than an animal kept on the site or a domestic animal);

Regulation 11

- (C) a falling tree or part of a tree; or
- (D) a television or radio aerial that has broken or collapsed; or
- (xi) storm, tempest, flood, the action of the sea, high water, tsunami, erosion or land slide or subsidence;
- (b) accidental damage that is breakage of any fixed glass, fixed shower base, fixed basin, fixed sink, fixed bath, fixed lavatory pan or fixed cistern;
- (c) loss by theft, burglary or housebreaking;
- (d) the insured or a member of the insured's family ordinarily residing with the insured incurring a liability as owner or occupier of the home building to pay compensation or damages to some other person.

11 Exclusions

The following are excluded:

- (a) depreciation;
- (b) wear and tear, rust or corrosion;
- (c) the action of insects or vermin;
- (d) destruction or damage, or the incurring of a liability as mentioned in paragraph 10 (d), as a result of:
 - (i) the expropriation of the home building;
 - (ii) war or warlike activities;
 - (iii) the use, existence or escape of nuclear weapons material, or ionizing radiation from, or contamination by radioactivity from, any nuclear fuel or nuclear waste from the combustion of nuclear fuel;
 - (iv) the use of the home building for the purposes of a business, trade or profession; or
 - (v) tree lopping or felling by the insured or a person acting with the express or implied consent of the insured; or
- (e) destruction or damage intentionally caused, or a liability as mentioned in paragraph 10 (d) intentionally incurred, by:
 - (i) the insured; or

Regulation 11

- (ii) a member of the insured's family ordinarily residing with the insured;
 - or a person acting with the express or implied consent of any of them;
 - (f) where the home building is unoccupied and has been unoccupied for a continuous period of more than 60 days — destruction or damage occurring otherwise than as mentioned in subparagraph 10 (a) (ii) or (iii) or (vii) to (xi) (inclusive), or the incurring of liability as mentioned in paragraph 10 (d);
 - (g) destruction of, or damage occurring to:
 - (i) a free-standing or retaining wall (whether or not part of the home building), or to a gate or fence, as a result of a storm or tempest;
 - (ii) an electrical machine or apparatus as a result of the electric current therein; or
 - (iii) any property as a result of it undergoing a process necessarily involving the application of heat;
 - (h) theft by a person ordinarily residing with the insured at the time of the theft;
 - (j) in the case of destruction or damage that is caused by or results from bursting, leaking, discharging or overflowing of fixed apparatus, fixed tanks or fixed pipes used to hold or carry liquid of any kind or impact by a television or radio aerial that has broken or collapsed — damage to the apparatus, tanks or pipes or the television or radio aerial, respectively;
 - (k) the incurring of a liability as mentioned in paragraph 10 (d):
 - (i) to the insured or a member of the insured's family ordinarily residing with the insured; or
 - (ii) as a result of:
 - (A) the insured; or
 - (B) a member of the insured's family ordinarily residing with the insured;
- or a person acting with the express or implied consent of any of them, using a vehicle (including an aircraft or water-borne craft) on the site.

12 Minimum amounts

- (1) Subject to these Regulations, for the purposes of section 34 of the Act, the minimum amount in respect of a claim made under a contract referred to in regulation 9, being a claim arising out of an event referred to in paragraph 10 (a), (b) or (c), is declared to be the amount sufficient to indemnify the person who made the claim reduced, in respect of destruction or damage occurring as a result of and within 48 hours after an earthquake, by \$200.
- (2) The amount declared by subregulation (1) to be the minimum amount in respect of a claim shall be taken to include the reasonable cost of:
 - (a) identifying and locating the cause of destruction or damage concerned if it is necessary to do so to effect a repair;
 - (b) demolition and removal of debris; and
 - (c) emergency accommodation.
- (3) Subject to these Regulations, for the purposes of section 34 of the Act, the minimum amount in respect of a claim made under a contract referred to in regulation 9, being a claim that arises out of an event referred to in paragraph 10 (d), is declared to be the amount, not exceeding \$2,000,000, sufficient to indemnify the person who made the claim in respect of his or her liability.
- (4) Where there is more than one such claim arising out of the same event, being an event referred to in paragraph 10 (d), then, for the purposes of section 34 of the Act, the minimum amount in respect of a claim made after the first of those claims has been made is declared to be the amount sufficient to indemnify the person who made the claim or the amount ascertained by subtracting from \$2,000,000 the amount or the sum of the amounts, as the case may be, that the insurer has paid, or is liable to pay, in respect of the claim or claims arising out of that event that have already been made, whichever is the lesser.

Regulation 13

Division 3 Home contents insurance

13 Prescribed contracts

The following class of contracts of insurance is declared to be a class of contracts in relation to which Division 1 of Part V of the Act applies, namely, contracts that provide insurance cover (whether or not the cover is limited or restricted in any way) in respect of loss of or damage to the contents of a residential building where the insured or one of the insureds is a natural person, but does not include a contract that provides insurance cover only or primarily in respect of specified personal effects.

14 Prescribed events

The following, except in so far as they are excluded by regulation 15, are declared to be prescribed events in relation to a contract referred to in regulation 13:

- (a) destruction of, or damage occurring to, the contents of the residential building which is specified in the contract, at a time when they are in the residential building or on the site of the residential building, being destruction or damage that is caused by or results from:
 - (i) fire or explosion;
 - (ii) lightning or thunderbolt;
 - (iii) earthquake;
 - (iv) theft, burglary or housebreaking or an attempt to commit theft, burglary or housebreaking;
 - (v) a deliberate or intentional act;
 - (vi) bursting, leaking, discharging or overflowing of fixed apparatus, fixed tanks or fixed pipes used to hold or carry liquid of any kind;
 - (vii) riot or civil commotion;
 - (viii) an action of a person acting maliciously;
 - (ix) impact by or arising out of the use of a vehicle (including an aircraft or water-borne craft);
 - (x) impact by:

Regulation 15

- (A) space debris or debris from an aircraft, a rocket or a satellite;
 - (B) an animal (other than an animal kept on the site or a domestic animal);
 - (C) a falling tree or part of a tree; or
 - (D) a television or radio aerial that has broken or collapsed; or
- (xi) storm, tempest, flood, the action of the sea, high water, tsunami, erosion or land slide or subsidence;
- (b) accidental damage that is breakage of glass forming part of an item of furniture (including fixed or unfixed glass table tops), at a time when it is in the residential building or on the site of the residential building;
- (c) loss by theft, burglary or housebreaking of contents while in the residential building on the site;
- (d) where:
- (i) the insured is a tenant or lessee of the residential building; or
 - (ii) the residential building is a unit (however described) created by the subdivision of strata (however described) in a building and the insured is the owner of the unit;
- the insured or a member of the insured's family ordinarily residing with the insured incurring a liability as occupier of the home building to pay compensation or damages to some other person.

15 Exclusions

The following are excluded:

- (a) depreciation;
- (b) wear and tear, rust or corrosion;
- (c) the action of insects or vermin;
- (d) destruction or damage, or the incurring of a liability as mentioned in paragraph 14 (d), as a result of:
 - (i) the expropriation of the contents;
 - (ii) war or warlike activities;

Regulation 15

- (iii) the use, existence or escape of nuclear weapons material, or ionizing radiation from, or contamination by radioactivity from, any nuclear fuel or nuclear waste from the combustion of nuclear fuel;
 - (iv) the use of the residential building for the purposes of a business, trade or profession; or
 - (v) tree lopping or felling by the insured or a person acting with the express or implied consent of the insured;
- (e) destruction or damage intentionally caused, or a liability as mentioned in paragraph 14 (d) intentionally incurred, by:
- (i) the insured; or
 - (ii) a member of the insured's family ordinarily residing with the insured;
- or a person acting with the express or implied consent of any of them;
- (f) where the residential building is unoccupied and has been unoccupied for a continuous period of more than 60 days — destruction or damage occurring otherwise than as mentioned in subparagraph 14 (a) (ii) or (iii) or (vii) to (ix) (inclusive), or the incurring of liability as mentioned in paragraph 14 (d);
- (g) destruction of, or damage occurring to:
- (i) an electrical machine or apparatus as a result of the electric current in it; or
 - (ii) any property as a result of it undergoing a process necessarily involving the application of heat;
- (h) accidental breakage of:
- (i) a television picture tube or screen;
 - (ii) the picture tube or screen of an electronic visual display unit;
 - (iii) a ceramic or glass cooking top of a stove;
 - (iv) glass in a picture frame, a radio set or a clock;
- (j) theft by a person ordinarily residing with the insured at the time of the theft;

Regulation 16

- (k) in the case of destruction or damage that is caused by or results from bursting, leaking, discharging or overflowing of fixed apparatus, fixed tanks or fixed pipes used to hold or carry liquid of any kind or impact by a television or radio aerial that has broken or collapsed — damage to the apparatus, tanks or pipes or the television or radio aerial, respectively;
- (m) the incurring of a liability as mentioned in paragraph 14 (d):
 - (i) to the insured or a member of the insured's family ordinarily residing with the insured; or
 - (ii) as a result of:
 - (A) the insured; or
 - (B) a member of the insured's family ordinarily residing with the insured;or a person acting with the express or implied consent of any of them, using a vehicle (including an aircraft or water-borne craft) on the site.

16 Minimum amounts

- (1) Subject to these Regulations, for the purposes of section 34 of the Act, the minimum amount in respect of a claim made under a contract referred to in regulation 13, being a claim arising out of an event referred to in paragraph 14 (a), (b) or (c), is declared to be the amount sufficient to indemnify the person who made the claim, reduced, in the case of destruction or damage occurring as a result of an earthquake, by \$200.
- (2) For the purposes of section 34 of the Act, the minimum amount in respect of a claim made under a contract referred to in regulation 13, being a claim that arises out of an event referred to in paragraph 14 (d), is declared to be the amount, not exceeding \$2,000,000, sufficient to indemnify the person who made the claim in respect of his or her liability.

Regulation 16

- (3) Where there is more than one such claim arising out of the same event, being an event referred to in paragraph 14 (d), then, for the purposes of section 34 of the Act, the minimum amount in respect of a claim made after the first of those claims has been made is declared to be the amount sufficient to indemnify the person who made the claim or the amount ascertained by subtracting from \$2,000,000 the amount or the sum of the amounts, as the case may be, that the insurer has paid, or is liable to pay, in respect of the claim or claims arising out of that event that have already been made, whichever is the lesser.

Division 4 Sickness and accident insurance

17 Prescribed contracts

The following class of contracts of insurance is declared to be a class of contracts in relation to which Division 1 of Part V of the Act applies, namely, contracts that provide insurance cover (whether the cover is limited or restricted in any way) in respect of the insured person contracting a sickness or disease or a specified sickness or disease or sustaining an injury or a specified injury, where the insured or one of the insureds is a natural person, other than:

- (a) a life policy within the meaning of the *Life Insurance Act 1995*;
- (b) a continuous disability insurance contract incorporated within a life policy within the meaning of the *Life Insurance Act 1995*;
- (c) sickness and accident policies which are guaranteed 'renewable' at the option of the insured or where the insurer guarantees not to cancel the policy in response to a change in the risk where such a policy has been effected for a predetermined period of years in excess of one year; or
- (d) a contract that is included in a class of contracts that is declared by some other regulation to be a class of contracts in relation to which that Division applies.

18 Prescribed events

The following, except in so far as they are excluded by regulation 19, are declared to be prescribed events in relation to a contract referred to in regulation 17:

- (a) where the contract provides insurance cover (whether the cover is limited or restricted in any way) in respect of the insured person contracting a specified sickness or disease:
 - (i) the death of the insured person; or

Regulation 19

- (ii) the total disablement of the insured person from carrying out all the normal duties of his or her usual occupation;
being death or disablement that results from the insured person contracting that sickness or disease;
- (b) where the contract (not being a contract referred to in paragraph (a)) provides insurance cover (whether the cover is limited or restricted in any way) in respect of the insured person contracting a sickness or disease — the total disablement of the insured person from carrying out all the normal duties of his or her usual occupation, being disablement that results from the person contracting a sickness or disease;
- (c) the death of the insured person, or the total disablement of the insured person from carrying out all the normal duties of his or her usual occupation, as a result of the insured person sustaining an accidental injury, being death or disablement that occurs within 12 months after the insured person sustains the injury;
- (d) the partial disablement of the insured person from carrying out the normal duties of his or her usual occupation as a result of the insured person sustaining an accidental injury, being disablement that occurs within 12 months after the insured person sustains the injury.

19 Exclusions

The following are excluded:

- (a) death or disablement that results from:
 - (i) a deliberately self-inflicted injury;
 - (ii) war or warlike activities;
 - (iii) the use, existence or escape of nuclear weapons material, or ionizing radiation from, or contamination by radioactivity from, any nuclear fuel or nuclear waste from the combustion of nuclear fuel;
 - (iv) the insured person:
 - (A) being under the influence of intoxicating liquor or of a drug, other than a drug taken or

Regulation 20

- administered by or in accordance with the advice of a duly qualified medical practitioner;
- (B) being addicted to intoxicating liquor or to a drug;
 - (C) taking part in a riot or civil commotion;
 - (D) acting maliciously; or
 - (E) engaging in professional sporting activities;
- (b) death or disablement occurring at a time when the insured person is flying, or engaging in aerial activities, otherwise than as a passenger in an aircraft that is authorised to fly under a law that relates to the safety of aircraft.

20 Minimum amounts

- (1) Where the insured has expressly agreed that no amount is to be payable under the contract of insurance in particular circumstances, then, for the purposes of this regulation, the contract shall be read as though it specified an amount to be payable in those circumstances.
- (2) Where a contract of insurance provides that an amount is payable by reference to a period other than a day, then, for the purposes of this regulation, the contract shall be read as though it specified as the daily amount an amount ascertained by dividing the amount payable for that period by the number of days in that period.
- (3) Subject to these Regulations, for the purposes of section 34 of the Act, the minimum amount in respect of a claim made under a contract referred to in regulation 17, being a claim that arises as mentioned in Column 1 of the following Table, is declared to be the amount ascertained in accordance with Column 2 of the Table in relation to that claim, reduced by an amount equal to the amount so payable in respect of the first 14 days of the period during which the insured person is disabled.

Regulation 20

Table

Column 1	Column 2
Description of claim	Minimum amount
1 A claim that arises out of the death of the insured person	The amount specified in the contract as the amount payable under the contract in respect of the death of the insured person or, where no amount is so specified, \$25,000
2 A claim that arises out of the total disablement of the insured person	Where: (a) a daily amount is specified in the contract in respect of the total disablement of the insured person — that amount multiplied by the number of days during which the insured person is so disabled; or (b) where no amount is so specified — an amount equal to the amount of income lost by the insured person by reason of the disablement
3 A claim that arises out of the partial disablement of the insured person	Where: (a) a daily amount is specified in the contract in respect of the partial disablement of the insured person — that amount multiplied by the number of days during which the insured person is so disabled; or (b) where no amount is so specified — an amount equal to the amount of income lost by the insured person by reason of the disablement

Division 5 Consumer credit insurance

21 Prescribed contracts

The following class of contracts of insurance is declared to be a class of contracts to which Division 1 of Part V of the Act applies, namely, contracts that provide insurance cover (whether the cover is limited or restricted in any way) in respect of:

- (a) the death of the insured; or
- (b) the insured:
 - (i) contracting a sickness or disease;
 - (ii) sustaining an injury; or
 - (iii) becoming unemployed;

where:

- (c) the insured or one of the insureds is a natural person; and
- (d) the amount of the liability of the insurer under the contract is to be ascertained by reference to a liability of the insured under a specified agreement to which the insured is a party.

22 Prescribed events

The following, except in so far as they are excluded by regulation 23, are declared to be prescribed events in relation to a contract referred to in regulation 21:

- (a) the total disablement of the insured person from carrying out all the normal duties of his or her usual occupation as a result of the insured person contracting a sickness or disease, being disablement that occurs within 12 months after the insured person contracted the sickness or disease;
- (b) the death of the insured person, or the total disablement of the insured person from carrying out all the normal duties of his or her usual occupation, as a result of the insured person sustaining an accidental injury, being death or disablement that occurs within 12 months after the insured person sustains the injury;

Regulation 23

- (c) the insured person becoming unemployed.

23 Exclusions

The following are excluded:

- (a) death, disablement or unemployment resulting from:
- (i) a deliberately self-inflicted injury;
 - (ii) war or warlike activities;
 - (iii) expropriation of any property;
 - (iv) the use, existence or escape of nuclear weapons material, or ionizing radiation from, or contamination by radioactivity from, any nuclear fuel or nuclear waste from the combustion of nuclear fuel; or
 - (v) the insured person:
 - (A) being under the influence of intoxicating liquor or of a drug, other than a drug taken or administered by or in accordance with the advice of a duly qualified medical practitioner;
 - (B) being addicted to intoxicating liquor or to a drug;
 - (C) taking part in a riot or civil commotion;
 - (D) acting maliciously; or
 - (E) engaging in professional sporting activities;
- (b) death or disablement occurring at a time when the insured person is flying, or engaging in aerial activities, otherwise than as a passenger in an aircraft that is authorised to fly under a law that relates to the safety of aircraft;
- (c) the insured person becoming voluntarily unemployed;
- (d) where the insured person is employed for a specified period or by reference to specified work — the insured person becoming unemployed at the expiration of the period or on the completion of the work.

Regulation 24

24 Minimum amounts

- (1) A reference in this regulation to the amount falling due under an agreement in respect of a day is a reference to the amount ascertained by dividing the amount of the payment that next falls due after that day under the agreement (excluding any arrears) by the number of days in the period commencing on the day on which the immediately previous payment under the agreement fell due and ending on the day on which that next payment falls due.
- (2) Subject to these Regulations, for the purposes of section 34 of the Act, the minimum amount in respect of a claim made under a contract referred to in regulation 21, being a claim that arises as mentioned in Column 1 of the following Table, is declared to be the amount ascertained in accordance with Column 2 of the Table in relation to that claim, reduced by an amount equal to the amount so payable in respect of the first 14 days of the period during which the insured person is disabled.

Table

Column 1	Column 2
Description of claim	Minimum amount
1 A claim that arises out of the death of the insured person	The amount due at the date of death (excluding any arrears) under the agreement specified in the contract
2 A claim that arises out of the total disablement of the insured person	The sum of the amounts falling due under the agreement specified in the contract in respect of each day during the period during which the insured person is so disabled
3 A claim that arises out of the insured person becoming unemployed	The sum of the amounts falling due under the agreement specified in the contract in respect of each day during the period during which the insured person is unemployed

Regulation 25

Division 6 Travel insurance

25 Prescribed contracts

The following class of contracts of insurance is declared to be a class of contracts in relation to which Division 1 of Part V of the Act applies, namely, contracts that provide insurance cover (whether or not the cover is limited or restricted in any way) in respect of one or more of the following:

- (a) financial loss in respect of:
 - (i) fares for any form of transport to be used; or
 - (ii) accommodation to be used;in the course of the specified journey in the event that the insured person does not commence or complete the specified journey;
 - (b) loss of or damage to personal belongings that occurs while the insured person is on the specified journey;
 - (c) a sickness or disease contracted or an injury sustained by the insured person while on the specified journey;
- where the insured or one of the insureds is a natural person.

26 Prescribed events

The following, except in so far as they are excluded by regulation 27, are declared to be prescribed events in relation to a contract referred to in regulation 25:

- (a) financial loss on account of:
 - (i) fares for any form of transport to be used; or
 - (ii) accommodation to be used;in the course of the specified journey in the event that the insured person or a member of the insured person's travelling party, through unforeseen circumstances beyond the control of the insured person or member, respectively, cannot reasonably be expected to commence or complete the journey;
- (b) loss of or damage occurring to personal belongings of the insured person during the course of the specified journey;

- (c) the death of the insured person or a member of the insured's travelling party while on the specified journey;
- (d) the insured person or a member of the insured's travelling party contracting a sickness or disease or sustaining an injury while on the specified journey.

27 Exclusions

The following are excluded:

- (a) financial loss, loss of or damage to personal belongings or death, sickness or injury, occurring as a result of:
 - (i) war or warlike activities;
 - (ii) expropriation of any thing;
 - (iii) the use, existence or escape of nuclear weapons material, or ionizing radiation from, or contamination by radioactivity from, any nuclear fuel or nuclear waste from the combustion of nuclear fuel; or
 - (iv) the insured person or a member of the insured person's travelling party:
 - (A) being under the influence of intoxicating liquor or of a drug, other than a drug taken or administered by or in accordance with the advice of a duly qualified medical practitioner;
 - (B) being addicted to intoxicating liquor or to a drug;
 - (C) taking part in a riot or civil commotion;
 - (D) acting maliciously; or
 - (E) engaging in professional sporting activities;
- (b) financial loss, loss of or damage to personal belongings or death, sickness or injury, intentionally caused by:
 - (i) the insured person; or
 - (ii) a member of the insured person's travelling party; or by a person acting with the express or implied consent of any of them;
- (c) financial loss as a result of:

Regulation 27

- (i) the insured person failing to commence or complete the journey:
 - (A) for financial, business or contractual reasons, being reasons related to the insured person or to a member of the insured person's travelling party; or
 - (B) because of a sickness, disease or disability to which a person was subject at any time during the period of six months before the contract was entered into and continues to be subject to after that time;
- (ii) the insured person or a member of the insured person's travelling party being disinclined to travel; or
- (iii) contravention of, or failure to comply with, a law (including the law of a foreign country) by the insured person or a member of the insured person's travelling party;
- (d) loss of or damage occurring to personal belongings as a result of:
 - (i) depreciation;
 - (ii) wear and tear, mildew, rust or corrosion;
 - (iii) the action of insects or vermin;
 - (iv) mechanical or electrical breakdown or failure of the personal belongings;
 - (v) the personal belongings being cleaned, dyed, altered or repaired; or
 - (vi) in the case of personal belongings that are fragile or brittle — the negligence of the insured;
- (e) death occurring or injury sustained as a result of a sickness or disability to which the person concerned was subject at any time during the period of 6 months before the contract was entered into and continues to be subject to after that time;

Regulation 28

- (f) death occurring or injury sustained at a time when the person concerned is flying, or engaging in aerial activities, otherwise than as a passenger in an aircraft that is authorised to fly under a law that relates to the safety of aircraft;
- (g) the insured person or a member of the insured's travelling party sustaining a deliberately self-inflicted injury.

28 Minimum amounts

- (1) Subject to these Regulations, for the purposes of section 34 of the Act, the minimum amount in respect of a claim made under a contract referred to in regulation 25, being a claim that arises out of an event referred to in paragraph 26 (a) or (b), is declared to be the amount sufficient to indemnify the person who made the claim in respect of his or her loss or damage.
- (2) Subject to these Regulations, for the purposes of section 34 of the Act, the minimum amount in respect of a claim made under a contract referred to in regulation 25, being a claim that arises out of an event referred to in paragraph 26 (c), is declared to be the amount sufficient to indemnify the person who made the claim in respect of the reasonable cost of:
 - (a) the funeral or cremation; or
 - (b) transporting the remains of the deceased person to the deceased's former place of residence.
- (3) Subject to these Regulations, for the purposes of section 34 of the Act, the minimum amount in respect of a claim made under a contract referred to in regulation 25, being a claim that arises out of an event referred to in paragraph 26 (d), is declared to be the amount sufficient to indemnify the person who made the claim in respect of the reasonable cost of:
 - (a) medical, surgical, hospital, ambulance and nursing home charges; and
 - (b) other medical treatment;
incurred during the specified journey as a result of the sickness, disease or injury.

Regulation 29

Division 7 Limits on minimum amounts

29 Limits on minimum amounts

Where the insured knew, or a reasonable person in the circumstances would have known, that a particular amount is the maximum amount that would be payable by the insurer under the contract of insurance whatever the circumstances, then, in relation to a claim under that contract, the minimum amount for the purposes of section 34 of the Act shall be the first-mentioned amount or the amount declared by the relevant provision of these Regulations to be the minimum amount in respect of the claim, whichever is the less.

Part III Miscellaneous

30 Classes of contracts of insurance in relation to which section 46 of the Act does not apply

For the purposes of section 46 of the Act, each of the following classes of contracts is declared to be a class of contracts in relation to which that section does not apply:

- (a) contracts of insurance commonly known as construction risks insurance contracts;
- (b) contracts of insurance commonly known as industrial special risks insurance contracts or commercial risks insurance contracts;
- (c) contracts of insurance under which the insurer agrees to indemnify the insured, in relation to a business undertaking, against loss resulting from a breakdown of, or malfunction in, machinery (including electronic equipment) or plant of the insured, being:
 - (a) loss in respect of the repair or replacement of that machinery or plant; or
 - (b) any further loss resulting from that breakdown or malfunction;or both, but not against any other loss;
- (d) contracts of insurance commonly known as products liability insurance contracts;
- (e) contracts of insurance commonly known as 'broad form' accidental loss and damage insurance contracts.

31 Classes of contracts of insurance in relation to which section 53 of the Act does not apply

For the purposes of section 53 of the Act, each of the following classes of contracts is declared to be a class of contracts in relation to which that section does not apply:

- (a) each of the classes of contracts referred to in regulation 30;

Regulation 32

- (b) contracts of insurance under which the insurer agrees to indemnify the insured against loss in respect of failure by a debtor to pay a debt due to the insured, but not against any other loss;
- (c) contracts of life insurance;
- (d) superannuation contracts, including individual superannuation contracts and blanket superannuation contracts;
- (e) sickness and accident insurance contracts to which paragraph 17 (c) applies;
- (f) export payments insurance contracts within the meaning of subsection 14 (2) of the *Export Finance and Insurance Corporation Act 1991*.

32 Rate of interest on withheld payment — section 57 of Act

- (1) For subsection 57 (3) of the Act, the rate applicable to a day in respect of which interest is payable by an insurer, is the rate worked out under the following formula:

$$Y + 3\%$$

where:

Y is the rate of:

- (a) 10-year Treasury Bond yield at the end of the half-financial year ending in the period that, in relation to the withheld amount, is mentioned in subsection 57 (2) of the Act, or:
 - (b) if more than one half-financial year has ended during that period — the mean of the rates of the 10-year Treasury Bond yield at the end of each of those half-financial years; or
 - (c) if no half-financial year has ended during that period — the 10-year Treasury Bond yield at the end of the half-financial year immediately preceding the commencement of that period.
- (2) In subregulation (1), *10-year Treasury Bond yield* means the rate known as the 10-year Treasury Bond yield, published by the Reserve Bank of Australia.

Regulation 33

- (3) In subregulation (1), *mean*, in relation to rates, means, if the mean of the rates is not a whole number, or does not end in .75, .50 or .25, the mean rate rounded to the nearest lower quarter of 1%.

33 Notices under section 71A (2) of the Act — prescribed matters

- (1) For the purposes of subsection 71A (2) of the Act, the manner in which a person must ensure that a written notice of a kind referred to in that subsection is freely available is by ensuring that the notice is:
- (a) readily available at all of the person's points of sale of consumer credit insurance; and
 - (b) handed to each member of the public:
 - (i) who expresses an interest in, or who reveals a need for, consumer credit; or
 - (ii) with whom the person concludes a sale of consumer credit insurance; and
 - (c) consistent with the person's duty, under section 13 of the Act, of the utmost good faith.
- (2) For the purposes of paragraph 71A (2) (a) of the Act, a written notice must be in a form that includes the following material:
- (a) a brief explanation of the purposes of consumer credit insurance;
 - (b) an outline statement of the general areas covered by the policy, or kind of policy, to which the notice relates;
 - (c) a statement to the effect that it is important for the insured to read the policy carefully in order to understand the extent of cover provided by the policy, and its limitations;
 - (d) subject to subregulation (3) — a statement to the effect that a person who applies for, or obtains, consumer credit is not required to purchase consumer credit insurance;
 - (e) information about:
 - (i) the insurer's internal procedures for resolving disputes between an insured person and the insurer; and

Regulation 34

- (ii) if applicable, the insurance industry's arrangements for resolving disputes of that kind;
 - (f) the insurer's name and address.
- (3) The statement specified in paragraph (2) (d) is not required if it would be an incorrect statement of the law of the relevant State.
- (4) The written notice must:
 - (a) be written in a style that is as clear and straightforward as its subject matter reasonably permits; and
 - (b) be in clearly legible print.
- (5) For the purposes of paragraph 71A (2) (b) of the Act, the prescribed terms for a written notice under subsection 71A (2) of the Act to explain the general nature of insurance of the kind to which the notice relates are terms to the effect that:
 - (a) the insurance cover is provided in respect of losses caused by certain contingencies (giving appropriate examples, such as unemployment, death or disability); and
 - (b) the extent of loss is measured by reference to the liability of the insured under the credit agreement to which the insurance applies.

34 Notices under section 71A (3) of the Act

- (1) For the purposes of paragraph 71A (3) (a) of the Act, the Form set out in Schedule 3 is prescribed as the form of written notice referred to in subsection 71A (3) of the Act.
- (2) The form of the written notice must:
 - (a) have a minimum length of 200 millimetres and a minimum width of 160 millimetres; and
 - (b) be in clearly legible print; and
 - (c) be clearly distinguishable from any other documents to which it is attached or of which it forms a part.
- (3) For the purposes of paragraph 71A (3) (b) of the Act, the information that a written notice referred to in that subsection must contain is the information stated in the Form set out in Schedule 3.

Regulation 35

- (4) In spite of subregulation (3), a written notice must not include information that is inapplicable if its inclusion would be, or might reasonably be regarded as being, misleading.

Examples A reference to agent's commission is inapplicable if no agent's commission has been paid; the use of the term 'unemployment' in the 'information' box is not required if the term 'involuntary unemployment' more accurately describes the relevant insurance cover so as to make the term 'unemployment' inapplicable.

- (5) If an employee or agent of an insurer arranges or makes a contract of consumer credit insurance with the insured, or an agent of the insured, in person, the insurer must ensure that the insured or agent of the insured signs and dates the declaration at the foot of the form.

35 Notices under section 71A (5) of the Act

- (1) For the purposes of paragraph 71A (5) (a) of the Act, a written notice must be in a form that includes the following material:
- (a) a statement that the person to whom the notice is sent purchased consumer credit insurance in respect of the credit agreement to which the insurance relates;
 - (b) a statement to the effect that there may be limitations to the insurance cover and that the insured should refer to the policy documents for full details of the insurance cover;
 - (c) if the policy was a single premium policy — a statement of the total premium paid;
 - (d) a notice of the 'cooling-off' period and a statement of the method of cancellation of the policy during that period;
 - (e) information about:
 - (i) the insurer's internal procedures for resolving disputes between an insured person and the insurer; and
 - (ii) if applicable, the insurance industry's arrangements for resolving disputes of that kind;
 - (f) contact details (including the telephone number) of a contact person for any queries in relation to the insurance;

Regulation 35

(g) a completed information box in the following format:

Table: Some important benefit limits on your policy

Unemployment	Maximum number of claims	Benefit limit (e.g. insurer will meet instalments for months per claim)
Disability	Maximum number of claims	Benefit limit (e.g. insurer will meet instalments for months per claim)
Death	Cover Available/ Not Available	

- (2) The written notice must:
- (a) be written in a style that is as clear and straightforward as its subject matter reasonably permits; and
 - (b) be in clearly legible print; and
 - (c) not be accompanied by any promotional material; and
 - (d) unless a copy of the policy document has already been given to the person to whom the notice is sent — be accompanied by that document.

Schedule 1 Writing to inform insureds of general nature and effect of duty of disclosure

(subregulation 3 (1))

Part 1 Contracts of general insurance

Your duty of disclosure

Before you enter into a contract of general insurance with an insurer, you have a duty, under the *Insurance Contracts Act 1984*, to disclose to the insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept the risk of the insurance and, if so, on what terms.

You have the same duty to disclose those matters to the insurer before you renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require disclosure of matter:

- that diminishes the risk to be undertaken by the insurer;
- that is of common knowledge;
- that your insurer knows or, in the ordinary course of his business, ought to know;
- as to which compliance with your duty is waived by the insurer.

Non-disclosure

If you fail to comply with your duty of disclosure, the insurer may be entitled to reduce his liability under the contract in respect of a claim or may cancel the contract.

If your non-disclosure is fraudulent, the insurer may also have the option of avoiding the contract from its beginning.

Part 2 Contracts of life insurance

Your duty of disclosure

Before you enter into a contract of life insurance with an insurer, you have a duty, under the *Insurance Contracts Act 1984*, to disclose to the insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept the risk of the insurance and, if so, on what terms.

You have the same duty to disclose those matters to the insurer before you renew, extend, vary or reinstate a contract of life insurance.

Your duty however does not require disclosure of a matter:

- that diminishes the risk to be undertaken by the insurer;
- that is of common knowledge;
- that your insurer knows or, in the ordinary course of his business, ought to know;
- as to which compliance with your duty is waived by the insurer.

Non-disclosure

If you fail to comply with your duty of disclosure and the insurer would not have entered into the contract on any terms if the failure had not occurred, the insurer may avoid the contract within 3 years of entering into it. If your non-disclosure is fraudulent, the insurer may avoid the contract at any time.

An insurer who is entitled to avoid a contract of life insurance may, within 3 years of entering into it, elect not to avoid it but to reduce the sum that you have been insured for in accordance with a formula that takes into account the premium that would have been payable if you had disclosed all relevant matters to the insurer.

Part 3 Certain eligible contracts of insurance

What you must tell us

When answering our questions, you must be honest and you have a duty under law to tell us anything known to you, and which a reasonable person in the circumstances, would include in answer to the question. We will use the answers in deciding whether to insure you and anyone else to be insured under the policy, and on what terms.

Who needs to tell us

It is important that you understand you are answering our questions in this way for yourself and anyone else whom you want to be covered by the policy.

If you do not tell us

If you do not answer our questions in this way, we may reduce or refuse to pay a claim, or cancel the policy. If you answer our questions fraudulently, we may refuse to pay a claim and treat the policy as never having worked.

Schedule 2 **Words to inform insureds of
general nature and effect of
duty of disclosure under
certain eligible contracts of
insurance**

(subregulation 3 (2))

I have to tell you about your duty of disclosure.

When answering our questions, you must be honest and tell us anything that you, and a reasonable person in the circumstances, would include in your answer. It is important that you understand you are answering the questions for yourself and anyone else to whom the questions apply.

We may reduce or refuse to pay a claim, or cancel the policy, if you have not answered our questions in this way.

Schedule 3 Consumer credit insurance

(regulation 34)

Important information about consumer credit insurance

Provided at the request of the Australian Securities and Investments Commission, the Federal Government Agencies which has responsibility for supervision of the insurance industry.

1. Before you buy a consumer credit insurance (CCI) policy, you should:

- * find out what the policy covers and what it does not cover. *Carefully read the Table below and ask the seller if you do not understand it;*
- * be aware that if you are unable to make your loan repayment due to a medical condition or disability that you knew about at the time you took out the policy, the insurer may not pay your claim;
- * read the policy carefully to understand when the policy will cover your loan repayment and when it will not.

Table: Some important benefit limits on your policy

Unemployment	Maximum number of claims	Benefit limit (e.g. insurer will meet instalments for months per claim)
Disability	Maximum number of claims.	Benefit limit (e.g. insurer will meet instalments for months per claim)
Death	Cover Available/	

Not Available

2. If you decide to buy CCI:

- * You must answer all the questions that the insurer asks.
- * When answering, you have a duty under law to tell the insurer anything known to you, and which a reasonable person in the circumstances would include in answer to the questions.
- * It is important that you understand you are answering the questions for yourself and anyone else to whom the questions apply.
- * If you do not answer the insurer's questions in this way, the insurer may reduce or refuse to pay a claim, or cancel the policy. If you answer the insurer's questions fraudulently, the insurer may refuse to pay a claim and treat the policy as never having worked.
- * The insurer will use your answers in deciding whether to insure you.

If you have any questions about your duty of disclosure you should ask them before you buy CCI.

3. Be aware that you may be able to arrange CCI through a different insurer. Note also CCI may only be available as part of a loan package.

4. Some of your insurance premium (..) and/or (nature of other benefit) is paid to the seller of the policy as **commission**.

5. Cooling-off period. After you buy CCI you will receive a letter confirming you have purchased the policy. **If you change your mind** you will then have days to cancel the policy and obtain a full refund.

DECLARATION

I/we understand)
that I/we cannot)
be required to)
buy this insurance)

Please confirm by
signing here:

_____/...../.....
_____/...../.....
(signature(s)) (date)

Table of Statutory Rules**Notes to the *Insurance Contracts Regulations 1985*****Note 1**

The *Insurance Contracts Regulations 1985* (in force under the *Insurance Contracts Act 1984*) as shown in this compilation comprise Statutory Rules 1985 No. 162 amended as indicated in the Tables below.

For all relevant information pertaining to application, saving or transitional provisions *see* Table A.

Table of Statutory Rules

Year and number	Date of notification in <i>Gazette</i>	Date of commencement	Application, saving or transitional provisions
1985 No. 162	5 July 1985	1 Jan 1986 (see <i>Gazette</i> 1985, No. S487)	
1990 No. 444	21 Dec 1990	21 Dec 1990	—
1994 No. 327	23 Sept 1994	R. 5: 22 Nov 1994 Remainder: 1 Oct 1994 (see r. 1.1 and <i>Gazette</i> 1994, No. GN38)	—
1996 No. 304	18 Dec 1996	18 Dec 1996	—
1997 No. 226	27 Aug 1997	27 Aug 1997	R. 3
1997 No. 238	10 Sept 1997	10 Sept 1997	—
1998 No. 78	5 May 1998	5 May 1998	—
1998 No. 195	30 June 1998	1 July 1998	—
1999 No. 191	1 Sept 1999	1 Sept 1999	—
2000 No. 118	15 June 2000	Rr. 1–3 and Schedule 1: 15 June 2000 Schedule 2: (a)	—

(a) Regulation 2 (b) of Statutory Rules 2000 No. 118 provides as follows:
These Regulations commence as follows:

(b) on the commencement of item 4 of Schedule 2 to the *Export Finance and Insurance Corporation Amendment Act 2000* — Schedule 2.

Item 4 of Schedule 2 to the *Export Finance and Insurance Corporation Amendment Act 2000* commenced on 1 July 2000.

Table of Amendments**Table of Amendments**

ad. = added or inserted am. = amended rep. = repealed rs. = repealed and substituted

Provision affected	How affected
R. 1	rs. 1999 No. 191
R. 2	am. 1999 No. 191
R. 2A	ad. 1994 No. 327
R. 2B	ad. 1999 No. 191 rs. 2000 No. 118
R. 3	am. 1994 No. 327 rs. 1999 No. 191 am. 2000 No. 118
R. 17	am. 1996 No. 304
R. 21	am. 1994 No. 327
R. 31	am. 2000 No. 118
R. 32	am. 1990 No. 444 rs. 1997 No. 226
R. 33	ad. 1994 No. 327
R. 34	ad. 1994 No. 327 am. 1999 No. 191
R. 35	ad. 1994 No. 327
R. 36	ad. 1997 No. 238 am. 1998 No. 78 rep. 1998 No. 195
R. 37	ad. 1997 No. 238 rep. 1998 No. 195
R. 38	ad. 1997 No. 238 rep. 1998 No. 195
Heading to Schedule	rep. 1994 No. 327
Heading to Schedule 1	ad. 1994 No. 327 rs. 1999 No. 191
Schedule 1	am. 1999 No. 191
Schedule 2	ad. 1994 No. 327 am. 1998 No. 195
renumbered Schedule 3	1999 No. 191
Schedule 2	ad. 1999 No. 191
Schedule 3	am. 1999 No. 191 (formerly Schedule 2)

Table A

Table A Application, saving or transitional provisions

Statutory Rules 1997 No. 226

3. Transitional

- 3.1 The rate at which interest is payable in respect of a day included in the period referred to in subsection 57 (2) of the Act, in relation to a withheld amount, that is a day occurring before the commencement of the amendment of regulation 32 of the *Insurance Contracts Regulations* effected by these Regulations, is the rate prescribed by regulation 32 of those Regulations immediately before the commencement of that amendment.