

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

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

The purpose of this SPDS is to update:

- ◆ information about how we will pay claims under the Benefits within your sum insured 'Fees', 'Replacement of locks and keys' and 'Emergency Service damage' in 'Section 1: Building';
- ◆ information about how we will pay claims under the Benefit in addition to your sum insured 'Legal costs' in 'Section 1: Building';
- ◆ information about how we will settle claims under 'How we settle building claims' in 'Section 1: Building'; and
- ◆ exclusions under the 'We do not cover' section of Insured Event 'Fire (including bushfire) or explosion' in 'Section 1: Building' and under the main heading 'Things we don't cover'.

Changes to the PDS

1. On page 34 of 'Section 1: Building' under the main heading 'Basis on which claims are paid' above the heading 'New for old means' insert the new section:

For Benefits within your sum insured and Benefits in addition to your sum insured

If we pay a claim under a Benefit within your sum insured or under a Benefit in addition to your sum insured in 'Section 1: Building' we will settle your claim in accordance with that benefit.

For the:

- Benefits within your sum insured 'Fees' (see page 29), 'Replacement of locks and keys' (see page 30) and 'Emergency Service damage' (see page 30); and
- Benefit in addition to your sum insured 'Legal costs' (see page 31),

we will only settle the claim by paying you. This means we will not repair or replace or arrange for a service.

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

2. Under insured event 'Fire (including bushfire) or explosion' in 'Section 1: Building' on page 24, under the 'We do not cover' section delete:

Loss or damage arising from:

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

and replace it with:

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

Loss or damage arising from:

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

3. Delete the paragraph under the heading 'How we settle building claims' on page 32 and replace with:

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

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

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

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

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

4. Above the heading 'When we settle the building claim we will not' on page 34 insert:

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

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

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

5. Under the main heading 'Things we don't cover' on page 70, delete the dot point:

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

and replace it with:

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

6. Delete the heading and text under the heading 'How and when benefits are provided' on page 8.

7. Delete the heading and the text for 'Claim Payments' on page 52.