

Annexure 1 to Joint consumer submission

Insurance Council of Australia application for authorisation A91086

Summary of the definition of flood in five major insurance policies

1. Insurer 1 (excluded)

Flood is the covering of normally dry land by water escaping or released from the normal confines of a watercourse or lake, whether or not it is altered or modified. Flood also includes water escaping from the confines of any reservoir, channel, canal or dam. Flood is not covered by this Policy.

2. Insurer 2 (included – distinguished from sea water)

Inundation caused by rain falling over land resulting in water pooling, overflowing or spreading from:

- naturally occurring or man made inland water courses such as rivers, creeks, canals, lakes, ponds, dams and reservoirs*
- wet areas of land (eg. marshes)*
- dry roads and streets*
- normally dry areas of land.*

Flood also includes water escaping, overflowing or being released from a dam or reservoir.

Flood is not:

- water from actions or movements of the sea*
- a mixture of water from actions or movements of the sea combined with water from any other source.*

Explanatory note:

From 1 July 2008, all our current home and contents insurance policies will cover all types of flood caused by rain. This applies to customers who take out a new home and contents policy from 1 July 2008 and to all existing customers who insure their home and contents with us.

While previously we covered damage caused by rainwater run-off and flash flood, other causes of flood were not covered unless you added our flood option to your policy. Now if the unexpected happens and flood damage occurs to your home or contents, you can make a claim and rest easy knowing that we cover up to 100% of your home and contents sum insured.

Under the new PDS, a 'flood' is simply inundation caused by rain falling over land resulting in water pooling, overflowing or spreading, but not water from actions or movements from the sea. For full details and all other terms and conditions please refer to the PDS. A new

PDS will be given to all new customers and mailed out with all renewals for due dates on and after 1 July 2008.

3. Insurer 3 (included – flash flood only)

"flash flood" means what occurs when there are heavy, intense bursts of rainfall, usually during thunderstorms where so much water falls in a very short time that it cannot get away quickly enough and collects and flows into your home.

but does not include when rainwater on the site:

cannot run off into a water catchment system, because it is overflowing in flood; and mixes with the flood water coming from the water catchment system and then flows into your home.

Explanatory note:

You are insured for damage to your building and/or your contents caused by storm, rain, or flash flood.

We will not pay for water damage to your building caused by storm or rain seeping or otherwise entering your building unless the water entered through an opening in the wall or roof that had been made directly by the storm or rain or as a direct result of it.

4. Insurer 4 (excluded)

"flood" means the inundation of normally dry land by water that has escaped or has been released from the normal confines of any natural watercourse, lake or lagoon whether or not altered or modified or of any reservoir, canal or dam.

Explanatory note:

This policy does not cover loss, liability, injury or damage caused by or arising from flood to buildings and/or contents.

5. Insurer 5 (excluded)

the covering of normally dry land by water escaping or released from the normal confines of a watercourse or lake, whether or not it is altered or modified. Flood also includes water escaping from the confines of any reservoir, channel, canal or dam.