



# STRATA INSURANCE

WITH RACT INSURANCE



Product Disclosure Statement

INSURANCE by 

The insurer of this product is RACT Insurance Pty Ltd ABN 96 068 167 804 AFS License No. 229076.  
The Royal Automobile Club of Tasmania Limited ABN 62 009 475 861 acts as an agent for RACT Insurance Pty Ltd, not as your agent.

## **RACT Insurance Pty Ltd**

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The preparation date of this Product Disclosure Statement is 8 October 2009.

The active date of this Product Disclosure Statement is 23 November 2009.

## **Insurance claim?**

We pride ourselves on making it easy for you to make a claim, and we understand that this can be a stressful time. Rather than coming into a branch you can simply call us on 13 27 22 and a personal claims manager will help you lodge your claim over the phone. What's more, your personal claims manager will look after you until the claim is settled.



**Solved.**

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# WELCOME

We are pleased to provide you with this Product Disclosure Statement (PDS), which sets out important information on our RACT Insurance product.

In order to properly understand the significant features, benefits and risks of the policy, you need to:

- read the relevant policy sections, which set out the cover we can provide, what you are and are not insured for, any additional benefits and special conditions that apply and how claims are settled (please refer to the index for details of each of the sections and their contents, which is designed to assist you);
- you are responsible for deciding the amount of your sum insured. You should therefore check that you are adequately covered for any potential loss and that the cover suits your needs. If you have inadequate cover, you may bear the uninsured portion of any loss yourself. You can use an expert, such as a professional valuer or home builder for your Strata Building, to help if you are unsure of values. For a professional valuation, you should always seek advice from an expert;
- read the *Further Important Information* section, which contains important information on the General Insurance Code of Practice and our Dispute Resolution Process; and
- read the rest of this *Welcome* section, which contains other important information, such as your duty of disclosure and the cooling-off period.

This is an important document and you should read it carefully and keep it in a safe place, together with the other policy documentation we issue to you.

## YOUR DUTY OF DISCLOSURE

You have a Duty of Disclosure under the *Insurance Contracts Act 1984* that requires you to tell us certain things.

### **Your Duty of Disclosure when you first enter into a policy**

Before you enter into a policy with us, we will ask you a series of questions. You must tell us everything you know, or which a reasonable person in the circumstances would be expected to know would be relevant to our decision to insure you, including answering the questions in your application. If you are unsure whether or not to tell us something that you know, it is better to tell us.

### **Your Duty of Disclosure when you renew, vary, extend, reinstate or replace a policy**

Before you renew, vary, extend, reinstate or replace a policy, you must tell us everything you know, or which a reasonable person in the circumstances would be expected to know, for us to decide:

- whether we will insure you;
- the premium we will charge you; and
- any special conditions we will apply to your policy.

### **What you do not need to tell us**

Your duty, however, does not require disclosure of a matter:

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

### **Who does the Duty of Disclosure apply to?**

Everyone who is insured under each policy must comply with the duty. It is important that you understand that, if you provide information about another insured, you do this on their behalf.

### **What happens if you or they don't tell us everything?**

If you do not meet with your responsibility outlined in this PDS, or if you do not tell us everything relevant to our decision whether or not to insure you, or if you mislead us, we can refuse to pay a claim or reduce the amount we pay or cancel your policy. If fraud is involved, we can treat your policy as if it never existed.

## **21-DAY MONEY BACK GUARANTEE – YOUR COOLING-OFF PERIOD**

You are able to return your policy for any reason within 21 days of cover commencing, by contacting us, and asking for the policy to be cancelled. We may request you confirm this in writing. Provided you have not made or cannot make a claim under the policy, we will cancel the policy and provide you with a full refund of the premium you have paid. Even after this period, you still have cancellation rights (see page 8).

## **OUR AGREEMENT WITH YOU**

When we agree to enter into a policy with you, we will provide you with a schedule which sets out the cover you have and other information specific to you (for example, the Strata Corporation covered, your Period of Insurance and the relevant limits or excesses that apply). Your Current Schedule, this PDS, any supplementary PDS we may give you, and your application will make up your agreement with us. You should be sure to retain these documents and keep them in a safe place, together with evidence as to the value of any insured items.

## **CHANGES TO YOUR POLICY**

If you want to change your policy and we agree to it, the change will become effective when we give you written confirmation of our agreement to the change and you pay any additional premium required. If you sell, give away or transfer your interest in any item insured under a policy taken out by you, the item is no longer insured under the policy.

## **NOTICES**

We will give you any notice in writing. It will be effective if it is delivered to you personally or if it is delivered to your address last known to us.

## YOUR PREMIUM

### How we calculate your premium

When we calculate your premium for a Strata Building Insurance Policy, we will take into account a number of factors, including:

- the Period(s) of Insurance;
- the address of the insured property;
- the age of the Building;
- the type of construction;
- the Sum(s) Insured;
- the excess payable by you in the event of a claim;
- your previous insurance and claims history; and
- the policies we agree to provide to you.

The total premium payable by you also includes amounts payable in respect of compulsory government charges, for example stamp duty and GST, where applicable.

We will advise you of the premium payable once we receive your application for insurance. After we agree to provide you with insurance, details of your premium will also be included on your Current Schedule.

### Why the cost of insurance can change

Each time you renew your insurance your premium is likely to change, even if your personal circumstances have not changed. This is because premiums are affected by factors including:

- the cost of claims we have paid to other customers;
- the cost of claims we expect to pay in the future;
- any changes in government taxes or charges; and
- our expenses incurred in doing business.

## SPECIAL OFFERS

We might advertise special offers and benefits from time to time. If we have a special offer available that is not in this PDS, we can give you a separate terms and conditions brochure about the offer if you ask us. The offers might be short-term and we can withdraw them at any time.

## PAYMENT OPTIONS

### Payment in full

We will tell you when you apply how you can pay, or you can call 13 27 22 for further information.

If your premium is not paid by the expiry date, you may not be covered for any claims.

You will receive a renewal notice at least 14 days prior to the expiry date of your policy telling you whether we are prepared to renew or not.

If we pay a claim for a total loss for all properties insured under this policy, your cover ceases and the policy is automatically cancelled. We will not waive the premium which was payable under your policy for the remainder of the policy period or refund any premium already paid for that period.

### Payment by instalments

You may choose to pay your premium by instalments, by credit card payments or by direct debit from your financial institution account.

Payments may be made annually, half-yearly, quarterly or monthly.

If you choose to pay your premium by instalments, we might impose an administration fee.

The premiums for the various payment options are shown on your Current Schedule.

It is your responsibility to ensure that you provide us with the correct account details and to ensure that sufficient funds are available in your nominated account to meet your instalments.

If the incorrect account details are provided or there are insufficient funds in your account, all fees incurred in relation to non-payment are payable by you.

We will require you to complete an authority before we can deduct the premium from your account.

We may also require a new authority if you change any of the account details or frequency of your payments. The authority will state your nominated day, which is the date on which your instalment payment will be made during each instalment period.

You may terminate or alter the frequency of your payments at any time by giving us written notice, no later than 3 business days prior to your next scheduled payment.

If you believe that a payment has been initiated incorrectly, you should take this matter up directly with us. We will then be able to investigate your concern.

If your payment is overdue by one month, all cover will cease unless alternative arrangements have been made directly with us and confirmed in writing.

If two or more payments are returned from your financial institution unpaid, we reserve the right to cancel your policy. However, should this occur, we will write to you to advise you that your policy will be cancelled.

If you cancel your payment arrangements with us, all outstanding amounts become due and payable within 14 days from that date. Failure to meet this requirement will result in your policy being cancelled.

After you submit your authority to us, your first payment will be taken within 5 working days of the authority being accepted by us. We will then issue you with a Schedule of Payments. Subsequent payments will be deducted in accordance with your nominated day.

You will receive a renewal notice along with a Schedule of Payments at least 14 days prior to the renewal of your policy. Unless we hear from you, your payments will continue in accordance with the payment option you have selected at the rate shown on your new Current Schedule and Schedule of Payments.

Where your nominated payment day falls on a non-business day, we will deduct the scheduled payment on the next business day.

If your nominated payment date is the 29th, 30th or 31st of the month, we will deduct the scheduled payment on the next business day for those months that these dates do not occur.

If we pay a claim for a total loss for all properties insured under this policy, your cover ceases and the policy is automatically cancelled. We will not waive the premium which was payable under your policy for the remainder of the policy period or refund any premium already paid for that period.

If your payment remains unpaid for a period of more than 14 days after its due date, we may refuse any claim made for events occurring during the period that the policy is unpaid.

We will keep all information pertaining to your financial institution confidential at all times.

## GOODS AND SERVICES TAX (GST)

All amounts insured under your policies include GST. You should ensure that the sums insured are appropriate and will cover any potential loss or damage.

When claiming, you will need to provide details of any entitlement to input tax credits on your premium if you are registered or should be registered for GST purposes. If information you give us is incorrect, we will not cover you for resulting fines, penalties or tax charges.

If we settle a claim for repair or replacement of an insured item and you would be entitled to claim an input tax credit for the repair or replacement, we may reduce the settlement amount we pay by the amount of that input tax credit.

## CANCELLATION OF POLICIES

### By you

You may cancel your insurance policy at any time. We may request you confirm this in writing.

If your policy is cancelled after the cooling-off period, we will refund any money we owe you less any cancellation fee and non-refundable government charges. The amount of the fee is up to \$30 (plus relevant government charges) for Strata Building cover at one insured address. This fee is deducted from any refund we send you. If the refund is less than the fee, a refund will not be issued.

### By us

We can cancel your insurance in any way permitted by law, including if you have:

- failed to comply with your Duty of Disclosure; or
- made a misrepresentation to us before the policy was entered into; or
- failed to comply with a provision of a policy, including failure to pay the premium; or
- made a fraudulent claim under the policy, or under any other policy, during the time the policy has been in effect; or
- failed to notify us of a specific act or omission as required by the policy.

If we cancel your policy, we will do so by giving you written notice. We will refund any premium you have paid for the period after the date of cancellation, but we will charge a cancellation fee.

## **UPDATING OUR PDS**

From time to time, we may need to update the information contained in this PDS. You can obtain a paper copy of any update, at no charge, by contacting us. Where the update is necessary to correct a misleading or deceptive statement or omission, which is materially adverse from the point of view of a reasonable person deciding whether to obtain a policy, we will automatically issue a new PDS or a supplementary PDS to you.

## **AUTHORISED REPRESENTATIVE**

The Authorised Representative (who is appointed by the Body Corporate) is the main contact in regard to insurance. Only the Authorised Representative can lodge a claim or request to change or cancel the policy. Any request coming from the Authorised Representative will be treated as coming from all unit owners.

# STRATA BUILDING INSURANCE

## Important Information

### 1. APPLYING FOR THE STRATA BUILDING INSURANCE POLICY

To apply for a Strata Building Insurance Policy, you will need to complete an application for insurance. On the basis of your application, we may then offer insurance to you. Once we agree to cover you, we will give you a Current Schedule providing details of:

- the type of policy you have;
- the Period(s) of Insurance;
- the location of the insured property;
- the Sum Insured;
- the excess payable by you in the event of a claim; and
- whether any standard terms and conditions are varied by endorsement.

### 2. MAKING A CLAIM

You must promptly tell us about any claim.

If an excess applies to your policy, you do not have to pay the excess to lodge a claim, but you will have to pay the excess before we will pay your claim. See Section 3 for details about the excess.

Most claims may be lodged by telephone; however, we may require you to complete a claim form or provide us with a written statement about the claim.

When you are making a claim, we may require proof of ownership or evidence as to the extent of loss or damage. To assist with this, we suggest you keep things such as receipts or valuations as well as model and serial numbers. If you cannot prove that you owned an item, we may not pay you for it.

When claiming, you will need to provide details of any entitlement to input tax credits on your premium if you are registered or should be registered for GST purposes. If information you give us is incorrect, we will not cover you for resulting fines, penalties or tax charges.

If we settle a claim for repair or replacement of an insured item and you would be entitled to claim an input tax credit for the repair or replacement, we may reduce the settlement amount we pay by the amount of that input tax credit.

Before we can make a decision about your claim, we may assess the damage to your Strata Building and investigate the circumstances of the claim.

We have the sole right to make admissions, to settle any claims against and to defend you or any other person covered by your policy in any proceedings. We may refuse your claim if you or any other person covered by your policy make admissions, settle, attempt to settle or defend any claim without our consent.

After an occurrence that gives rise to a claim under your Strata Building Insurance cover, we may take possession of the damaged property and deal with it in a reasonable manner.

If, however, this is not done, you may not abandon the damaged property to us.

If we pay you the total Sum Insured for your Strata Building, the policy comes to an end and no refund of premium is due.

# STRATA BUILDING INSURANCE

## Important Information (continued)

### 3. EXCESS

The excess is the amount you must contribute towards each claim you make.

We will advise you:

- if the excess is payable to us, or to a builder, repairer or supplier; or
- if we will deduct the excess from the amount we pay you.

The amount of the excess or excesses that apply are shown on your Current Schedule.

### 4. LEGAL REPRESENTATION

In relation to an incident which gives rise to a claim, you or any person covered by your policy may need lawyers to represent you or them before a Coroner conducting an enquiry or in respect of other court proceedings.

We may, at our discretion, arrange representation for these purposes and pay the cost of it.

### 5. CO-OPERATION

Any benefits which your Strata Building Insurance cover gives you or any other person depend upon you or any other person covered by the policy giving us any information and help that we require, including attending court to give evidence.

You or any other person covered by the policy must assist us, even if we have already paid a claim, for we may attempt to recover from any party who caused the loss or damage. We may also want to defend you if it is alleged that you caused someone else loss or damage.

If you, or any other person covered by the policy, receive any letters, notices or court documents which relate to any event that has or might result in a claim, you must send these to us immediately.

If you fail to fully co-operate with us in respect to any part of the claim process, we may be entitled to cancel your policy, or refuse to pay your claim.

## 6. OUR GUARANTEE ON STRATA BUILDING REPAIRS

We guarantee the quality of materials and workmanship of repairs that we authorise and arrange for the lifetime of your Strata Building.

This guarantee applies to work to repair, build or rebuild your Strata Building where we:

- authorise;
- arrange; and
- pay the builder or repairer directly for this work.

We guarantee the materials used and standard of the workmanship to be free of defects.

If a defect arises in the lifetime of your Strata Building as a result of poor quality workmanship or use of incorrect materials, then we will rectify the problem.

This guarantee does not apply:

- to repairs you authorise or make yourself;
- to loss, damage or failure of any electrical or mechanical appliances or machines;
- to wear and tear consistent with normal gradual deterioration at your Strata Building (e.g. paint peeling off after its expected life cycle, wood rotting from moisture in the air or ground, or roofs weathering); or
- where we agree with a repair quote and we give you, or the builder or repairer, a cheque for the cost of the repairs and you arrange the repairs.

# STRATA BUILDING INSURANCE

## What we mean by

Some of the words in this PDS have special meanings, as shown below.

Term	Meaning
<b>Accident</b>	An incident you did not intend or expect to happen.
<b>Building</b>	Strata Building as shown on page 20.
<b>Body Corporate</b>	The Body Corporate is the controlling body of a strata scheme. The owners of the lots in the scheme form the Body Corporate which comes into existence automatically on registration of the strata plan.
<b>Business Activity</b>	A business, trade, profession, occupation or any income-earning activity, but it does not mean the residential tenancy of any part of your Strata Building.
<b>Common Areas</b>	The areas at the insured address which are not part of any unit (e.g., gardens, driveways, footpaths, walkways).
<b>Current Schedule</b>	The most recent schedule we have given to you.
<b>new for old</b>	<p>Replacing or repairing with new items or new materials that are available at the time of replacement or repair from Australian suppliers, and new for old regardless of age, with no allowance for depreciation, and of the same type, standard and specification as when new. If the same is not available, it means of a similar type, standard and specification when new. It does not mean of a better standard, specification or quality than when new.</p> <p><b>For obsolete electrical appliances</b> such as outdated, hard-wired dishwashers, stoves, air conditioners/heat pumps, new for old means replacing or repairing to an equal specification. If this is not available, it means to the nearest better specification available. It can be a different brand.</p>

Term	Meaning
<b>Office Bearer</b>	A unit owner, or a nominee of a unit owner, appointed as a member of your executive committee as required by the strata, group, body corporate or community title legislation or similar laws in your State or Territory. Office bearers include your Chairperson, Secretary and Treasurer. It does not include a managing agent or any contractor maintaining or managing your building.
<b>Period of Insurance</b>	Means the period of insurance as noted on your Current Schedule.
<b>policy</b>	<p>Your policy consists of:</p> <ul style="list-style-type: none"> <li>a) this PDS;</li> <li>b) your application(s) for insurance which may be in writing or our record of your verbal responses;</li> <li>c) your Current Schedule which sets out the covers you have; and</li> <li>d) any supplementary PDS we may issue.</li> </ul>
<b>site</b>	The land at the address stated on your Current Schedule on which your Strata Building is located.
<b>Strata</b>	As defined by the <i>Strata Titles Act 1998</i> .
<b>Strata Building</b>	Your Strata Building as shown on page 20.

# STRATA BUILDING INSURANCE

## What we mean by (continued)

<b>Term</b>	<b>Meaning</b>
<b>Sum Insured</b>	The maximum amount payable as a result of a claim under your Strata Building Insurance Policy. Your sum insured is specified on your Current Schedule and includes any applicable taxes and charges.
<b>Terrorism</b>	<p>Includes any act, or preparation in respect of action, or threat of action designed to influence the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological or similar purposes to intimidate the public or a section of the public of any nation 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) de jure or de facto, and which:</p> <ul style="list-style-type: none"><li>a) involves violence against one or more persons; or</li><li>b) involves damage to property; or</li><li>c) endangers life other than that of the person committing the action; or</li><li>d) creates a risk to health or safety of the public or a section of the public; or</li><li>e) is designed to interfere with or to disrupt an electronic system.</li></ul> <p>It includes any action in controlling, preventing, suppressing, retaliating against or responding to any such act, preparation or threat.</p>
<b>Unit</b>	An area marked as a lot on the plan for a strata, group, body corporate or community titles scheme, for your scheme land.
<b>Unit Owner</b>	The registered owner of a lot forming part of a strata, group, body corporate or community titled building.

<b>Term</b>	<b>Meaning</b>
<b>we, our and us</b>	RACT Insurance Pty Ltd.
<b>you and your</b>	The body corporate, owners corporation, strata company or association of the strata, group, body corporate or community title scheme shown as the 'Insured' on your Current Schedule and its ownership or insurable interest according to the relevant strata, group, body corporate or community title laws applying to your Building and Common Property.

# STRATA BUILDING INSURANCE

## Summary of Cover

The following table summarises the cover provided by the Strata Building Insurance Policy.

For full details of the cover and the amounts we will pay in the event of a claim, please refer to the individual policy cover sections in this PDS. The page numbers for further details are listed below.

### STRATA BUILDING INSURANCE

Insured Events	Covered	Page
Storm	✓	22
Flood	✓	22
Escape of Water	✓	22
Lightning	✓	22
Fire	✓	22
Explosion	✓	24
Theft or Attempted Theft	✓	24
Malicious Acts	✓	24
Impact	✓	24
The Acts of an Animal	✓	24
Leakage of Oil	✓	26
Riot, Civil Commotion, or Industrial or Political Disturbance	✓	26
Terrorism	✓	26
Earthquake	✓	26

<b>Additional Cover</b>	<b>Covered</b>	<b>Page</b>
Replacement Cover	✓	28
Incidental Expenses	✓	30
Accidental Breakage	✓	30
Damage caused by Power Surge	✓	30
Keys and Locks	✓	30
Temporary Accommodation	✓	32
Strata Building Fittings	✓	32
Common Contents	✓	32
Loss of Rent	✓	34
Auto Adjust to Sum Insured	✓	34
Safety Net Strata Building Protection	✓	34
Legal Liability	✓	36
Embezzlement of Funds	✓	38
Storm Damage to Gates and Fences	✓	38
Damage to Electric Motors	✓	38
Office Bearer's Liability	✓	40

# STRATA BUILDING INSURANCE

## Strata Building Insurance Cover

### 1. YOUR 'STRATA BUILDING'

Your 'Strata Building' means the building(s) at the site specified on your Current Schedule, used as a domestic dwelling.

#### Including:

- ✓ Garages and other domestic outbuildings.
- ✓ Pergolas, patios, verandas, decking and fixed gazebos.
- ✓ Fixed floor coverings including linoleum and timber flooring.
- ✓ Wallpaper, paint and covering on walls and ceilings.
- ✓ Insulation in roofs or walls.
- ✓ Light fittings, electrical appliances and alarm systems permanently connected to the electricity supply.
- ✓ Dishwashers that are housed in a purpose-built cupboard or bench space.
- ✓ Permanently installed swimming pools and spas and their accessories.
- ✓ Fixed:
  - Barbecues
  - Clothes lines
  - External blinds, shade sails, awnings and shade umbrellas
  - Aerials, satellite dishes and masts.
- ✓ Garden borders, driveways, paths and paving.
- ✓ Walls, gates and up to 2 kilometres of fencing at the site.
- ✓ Service pipes, cables, poles and wires that you own or are legally responsible for.
- ✓ Tennis courts.
- ✓ Unfixed home building materials and uninstalled home fittings up to \$500.
- ✓ Boat jetties and pontoons.
- ✓ Landscaping (including trees, plants, lawns, landscaping supplies, etc) up to \$500 (inclusive of GST).

**But NOT including:**

- ✘ More than 2 kilometres of fencing.
- ✘ A new Strata Building being built.
- ✘ Carpets (fixed or unfixed) or floor rugs.
- ✘ Insulation stored on site but not installed.
- ✘ Motor vehicles, trailers, mobile homes, tents, rail carriages, trams, aircraft or watercraft.
- ✘ Mobile dishwashers or dishwashers not housed in a purpose-built cupboard or bench space.
- ✘ Non-permanent swimming pools and spas that are capable of being moved from the site, and their accessories.
- ✘ Any part of your Strata Building used as a hotel, motel, bed and breakfast, boarding or guest house.
- ✘ Any part of your Strata Building used for any business, trade or profession (unless you tell us beforehand in writing and we agree to cover you).
- ✘ Dams or waterholes.

# STRATA BUILDING INSURANCE

## Strata Building Insurance Cover

### 2. INSURED EVENTS

Your Strata Building is covered for loss or damage caused by:

✓ a) **STORM.**

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✓ b) **FLOOD**, as a result of the overflowing of water from a natural water course, such as a river or creek or body of water such as a lake or dam.

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✓ c) **The ESCAPE OF WATER** from a water main, pipe, guttering, fixed domestic appliance, stormwater channel, stormwater canal, or stormwater pipe.

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✓ d) **LIGHTNING.**

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✓ e) **FIRE.**

### **But your Strata Building is NOT covered for:**

- ✘ Storm damage to retaining walls or freestanding walls.
    - ✓ But we will cover storm damage to gates and fences.  
Please refer to page 38 for details.
  - ✘ Storm damage to the interior of your Strata Building caused by water entering through an opening that has resulted from lack of or poor maintenance.
  - ✘ Storm damage to gardens and garden borders.
  - ✘ Storm damage to outbuildings that are not adequately secured to their foundations.
  - ✘ Storm damage to loose materials such as gravel, pebbles or compacted earth on driveways or paths.
- 
- ✘ Flood damage caused by tidal wave, tsunami or high tide or other actions of the sea.
  - ✘ Flood damage to loose materials such as gravel, pebbles or compacted earth on driveways or paths.
- 
- ✘ Damage caused by water escaping from a bath or shower recess where the shower screen or shower curtain were inadequate to prevent the escape of water.
- 
- ✘ Bushfire for the first 48 hours after the start of your Strata Building Insurance Policy unless:
    - you bought or entered into the lease for your Strata Building in the 24 hours before the policy commenced; or
    - your policy commenced immediately after another policy covering the same risk expired, without a break in cover. The maximum amount of cover is the amount of cover available under the previous policy.
  - ✘ Any increases in sums insured for the first 48 hours.
  - ✘ Cigarette or cigar marks or burns.
  - ✘ Scorching or burn marks where there has been no flame.

# STRATA BUILDING INSURANCE

## Strata Building Insurance Cover

### 2. INSURED EVENTS (continued)

Your Strata Building is covered for loss or damage caused by:

✓ f) **EXPLOSION.**

✓ g) **THEFT or ATTEMPTED THEFT.**

✓ h) **MALICIOUS ACTS.**

✓ i) **The IMPACT of:**

- an aircraft, a vehicle, or a water-borne craft;
- space debris, or debris from an aircraft, rocket or satellite;
- an aerial or satellite dish;
- falling power poles or communication poles, towers or lines; or
- a falling tree or branch.

✓ j) **THE ACTS OF AN ANIMAL.**

### **But your Strata Building is NOT covered for:**

- 
- ✘ Theft or attempted theft by persons who live in your Strata Building, or who have entered your Strata Building or the site with your consent or the consent of a person who lives in your Strata Building (including tenants and boarders).
  - ✘ Theft or attempted theft if the security, locking devices or alarm system you told us about were not installed, not in working order or were disconnected.
- 
- ✘ Malicious acts of persons who live in your Strata Building, or who have entered your Strata Building or the site with your consent or the consent of a person who lives in your Strata Building (including tenants and boarders).
  - ✘ Malicious acts if the security, locking devices or alarm system you told us about were not installed, not in working order or were disconnected.
- 
- ✘ Loss or damage which is caused by tree-felling or tree-logging at the site.
  - ✘ The removal of potentially dangerous trees which have not caused damage to your Strata Building.
  - ✘ Impact damage caused by the roots of trees, plants, shrubs or hedges.
  - ✘ The cost of removing and disposing of a tree or branch if no damage has occurred to your Strata Building.
- 
- ✘ Damage by animals or birds kept on the site.
  - ✘ Damage by animals or birds pecking, biting, clawing or chewing your Strata Building.
    - ✓ But we will cover damage to your Strata Building caused by an animal accidentally trapped inside your Strata Building where the animal is not kept on the site.
  - ✘ Damage by vermin or insects.
    - ✓ But we will cover fire damage they cause.
-

# STRATA BUILDING INSURANCE

## Strata Building Insurance Cover

### 2. INSURED EVENTS (continued)

Your Strata Building is covered for loss or damage caused by:

- ✓ k) the **LEAKAGE OF OIL** from a fixed heating system in your Strata Building or on the site.

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- ✓ l) **RIOT, CIVIL COMMOTION, or INDUSTRIAL or POLITICAL DISTURBANCE.**

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- ✓ m) **TERRORISM.**

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- ✓ n) **EARTHQUAKE.**

**But your Strata Building is NOT covered for:**

- ✘ Loss or damage arising after 72 consecutive hours from the commencement of any riot, civil commotion or industrial or political disturbance.
- ✘ Loss or damage caused by you or someone who lives in your Strata Building or who had your consent to enter your Strata Building (including tenants and boarders).
- ✘ Loss or damage directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with biological, chemical, radioactive or nuclear pollution or contamination or explosion.
- ✘ The first \$500 of a claim for loss or damage which is caused by an earthquake.
- ✘ Loss or damage caused by a tsunami.

# STRATA BUILDING INSURANCE

## Strata Building Insurance Cover

### 3. WE WILL PAY

The cover we provide is new for old.

We will pay the reasonable cost to restore your Strata Building to the same specifications it had when it was built or last renovated. This means, we may at our option, either:

- repair or replace your Strata Building;
- pay you the cost of repairing your Strata Building; or
- pay you the Sum Insured for your Strata Building.

We will attempt as far as possible to match building materials to return your Strata Building to its former state in that part of the Strata Building where the loss or damage occurred.

We will pay any additional costs associated with matching materials to create a uniform appearance up to a maximum of \$1,000.

### 4. YOUR CHOICE OF REPLACEMENT

You may rebuild or repair your Strata Building in any way you like. You may change the materials, plan, specifications or size.

### Conditions

- We will pay no more than the Sum Insured.
- We will only pay the costs that you actually incur.
- If you choose to rebuild or repair your Strata Building, you must start rebuilding or repairing your Strata Building within 6 months of the damage occurring.
- We may choose to pay your builder directly.
- If you do not:
  - (a) wish to rebuild or repair your Strata Building; or
  - (b) start rebuilding or repairing your Strata Building within 6 months from the date on which the loss or damage occurs or any longer period which we agree to in writing,

we will pay you the cost of rebuilding or repairing your Strata Building less our allowance for depreciation based on its age and condition.

**x** **But we will NOT pay** any additional costs resulting from making these changes.

# STRATA BUILDING INSURANCE

## Strata Building Insurance Cover

### 5. ADDITIONAL COVER

#### **We will pay for:**

##### **Incidental Expenses**

If your Strata Building is damaged as a result of an Insured Event:

- ✓ the extra costs which are necessary to meet the requirements of any statutory authority in connection with rebuilding or repairing your Strata Building on the site; and
- ✓ the reasonable cost of locating the cause of damage, demolition, removing contents and debris and engaging an architect, engineer or surveyor in connection with rebuilding or repairing your Strata Building.
- ✓ Note: This benefit is paid in addition to the total Sum Insured.

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##### ✓ **Accidental Breakage**

We will pay the cost of replacing any of the following items which suffer accidental breakage:

- Glass which forms part of your Strata Building.
- Glass in a lighting fixture.
- Glass in a stove.
- Cooktops.
- A fixed sink or a sanitary or toilet fixture, shower base or bath.

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##### ✓ **Damage caused by Power Surge**

If a domestic appliance which forms part of your Strata Building is damaged as a result of a power surge, we will pay to repair or replace that item.

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##### ✓ **Keys and Locks**

If the keys to your Strata Building are lost or stolen, we will pay up to \$500 to re-key or replace the locks.

**But we will NOT pay:**

- ✘ Extra costs resulting from any notice a statutory authority served on you, or of which you had notice, before your Strata Building was damaged.
- ✘ Incidental expenses incurred for any part of your Strata Building which has not suffered loss or damage covered by this policy. (We will only pay the extra costs you incur in rebuilding the damaged part.)
- ✘ More than an additional 10% of the Sum Insured.

- 
- ✘ For glass in a greenhouse.
  - ✘ For items already in a damaged condition.
  - ✘ For scratches and chipping.

- 
- ✘ More than \$1,000 per item.
  - ✘ More than \$3,000 for all items damaged as a result of a power surge.
    - ✓ Note: These limits will not apply if you can provide proof that the damage was as a direct result of one of the Insured Events.

- 
- ✘ For any motor vehicle or motorcycle keys or their locks.

# STRATA BUILDING INSURANCE

## Strata Building Insurance Cover

### 5. ADDITIONAL COVER (continued)

#### **We will pay for:**

#### ✓ **Temporary Accommodation**

If you permanently reside in your Strata Building and cannot live in it because of an Insured Event, we will, at our option, pay you or the affected unit owner the reasonable additional accommodation expenses which you actually incur from the time of the damage, while your Strata Building is being rebuilt or repaired.

✓ Note: This benefit is paid in addition to the total Sum Insured.

#### ✓ **Strata Building Fittings**

If you are a landlord and you do not reside in your Strata Building, we will cover your fittings, furniture, furnishings and carpets, which are in your Strata Building for the use of your tenant, and which suffer loss or damage by one of the Insured Events.

We may choose to:

- repair or replace these items; or
- pay you or the affected unit owner the reasonable cost of repairing or replacing them.

✓ Note: This benefit is paid in addition to the total Sum Insured.

#### ✓ **Common Contents**

We will cover your unfixed property and carpets at the insured address that are contained within the common areas of the strata, group, body corporate or community titled residential Building or Buildings and which suffer loss or damage by one of the Insured Events.

It includes:

- Temporary wall, floor and ceiling coverings.
- Internal window coverings.
- Portable domestic appliances.
- Tools and cleaning equipment.
- Gardening equipment.
- Office equipment, electronic equipment and telephones you use in your administration office.

✓ Note: This benefit is paid in addition to the total Sum Insured.

**But we will NOT pay:**

- ✘ If no one is living in the unit at the time of the loss or damage.
  - ✘ More than an additional 10% of the Sum Insured for all units at the site; or
  - ✘ More than \$20,000, per individual unit at the site.
- 
- ✘ More than 5% of the Sum Insured for all units at the site; or
  - ✘ More than \$10,000, per individual unit at the site.
  - ✘ For Contents in common areas.
- 
- ✘ More than 5% of the Sum Insured for all units at the site.
  - ✘ Cash, credit cards, debit cards, smart cards, phone cards and any document able to be cashed or banked.
  - ✘ Jewellery, gold or silver items, or items plated with silver or gold.
  - ✘ Any fixture or item owned by a unit owner or tenant which they would remove if they sold or vacated their unit.
  - ✘ Any item covered as your Strata Building.
  - ✘ Pets, domestic animals and livestock.
  - ✘ Stock in trade.
  - ✘ Unfixed building materials and uninstalled fixtures.
  - ✘ Floating floors fitted by the unit owner.
  - ✘ Carpets or other contents owned by a tenant or unit owner.

# STRATA BUILDING INSURANCE

## Strata Building Insurance Cover

### 5. ADDITIONAL COVER (continued)

#### **We will pay for:**

##### ✓ **Loss of Rent**

If your Strata Building is tenanted, and your tenant cannot live in it because of one of the Insured Events, we will, at our option, pay you, or the affected individual unit owner, the rent that you lose while your Strata Building is being rebuilt or repaired.

We will only pay this benefit for the reasonable time taken to rebuild or repair your Strata Building.

✓ Note: This benefit is paid in addition to the total Sum Insured.

##### ✓ **Automatic adjustments to the Sum Insured**

When your policy is due for renewal, we will increase your Sum Insured to allow for any increase in building costs. We will use industry building cost guides as a reference.

Your Current Schedule at renewal will show the new Sum Insured.

Note: You do not have to accept the revised Sum Insured and can ask us to change them at any time. You are responsible for calculating the correct replacement Sum Insured.

If in doubt, ask for advice from a professional valuer or home builder. We will not decrease your Sum Insured without your instruction.

##### ✓ **Safety Net Strata Building Protection**

If your Strata Building is damaged by an Insured Event and the cost of repairing or rebuilding it exceeds the Sum Insured, then if necessary we will pay up to a further 25% of your Sum Insured to:

- repair damage; or
- rebuild your Strata Building; or
- pay you what it would reasonably cost us to repair or rebuild your Strata Building.

**But we will NOT pay:**

- ✘ Loss of rent if there is no claim under any of the Insured Events.
  - ✘ More than an amount equal to 10% of the Sum Insured for all units at the site; or
  - ✘ More than \$20,000, per individual unit at the site.
- 

- ✘ For increases in the Sum Insured under any other Additional Cover as a consequence of having Safety Net Strata Building Protection in your policy.

# STRATA BUILDING INSURANCE

## Strata Building Insurance Cover

### 5. ADDITIONAL COVER (continued)

#### **We will cover:**

#### ✓ **Legal Liability**

Unless specifically shown elsewhere in this policy, we will cover your legal liability for claims arising from events:

- which occur in your Strata Building or on the site; or
- for which you are liable as owner or occupier of your Strata Building or the site; and which cause:
  - death or bodily injury to any person; or
  - damage to property other than property which you own or control.

We will also cover you against your liability for legal costs when our lawyers act in connection with these claims.

The limit of cover in relation to any one incident is \$20,000,000 plus an additional \$5,000,000 to cover the legal costs of a lawyer, appointed by us, defending such claims or appearing or acting for you in connection with the death, injury or damage (for example, by appearing at an inquest).

**But we will NOT cover:**

- ✘ Liability for an intentional act by you, or a person acting with the consent of you.
- ✘ If the person against whom the claim is made holds or was required by law to hold compulsory workers' compensation or third party personal injury insurance which would provide cover for the claim in whole or in part.
- ✘ For liability to you or any person (other than a tenant or boarder) who lives with you.
- ✘ For claims arising out of the use of any vehicle, aircraft or water-borne craft.
- ✘ For claims arising out of the use of your Strata Building for any business purpose including the hiring out of facilities on the site.
- ✘ For claims arising from erosion, subsidence or landslide.
- ✘ For liability which arises only because you have agreed to take the liability upon yourself whether under a lease or by any other means.
- ✘ Liability for injury arising directly or indirectly out of the inhalation of, or fears of the consequences of exposure to, or inhalation of, asbestos fibres or derivatives of asbestos.
- ✘ Liability for loss, cost or expense associated with the cleaning up, or removal of, or damage to, or loss of use of, property arising out of any asbestos, asbestos fibres or any derivatives of asbestos.

# STRATA BUILDING INSURANCE

## Strata Building Insurance Cover

### 5. ADDITIONAL COVER (continued)

#### **We will cover:**

#### ✓ **Embezzlement of Funds**

We will insure you for fraudulent embezzlement or theft of your funds by office bearers or your employees.

The most we will pay for all claims made in the period of insurance is \$20,000.

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#### ✓ **Storm Damage to Gates and Fences**

We will pay the cost to repair or replace your gates and fences located at the site if they are damaged by storm (see page 22).

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#### ✓ **Damage to Electric Motors**

We will cover:

- ✓ The burning out or fusing of a household electric motor which is part of the insured Strata Building.

Cover includes repairing or replacing:

- ✓ Switches, capacitors, condensers, bearings and seals or other electrical components that form part of the appliance and are essential to the operation of the motor.
- ✓ An entire sealed unit and re-gassing, if the electric motor is inside a sealed refrigeration or air conditioning unit.
- ✓ A swimming pool water pump combined with its electric motor, if the replacement pump motor cannot be bought on its own.

We will deduct any amount you can recover under a manufacturer's guarantee or warranty.

**But we will NOT cover:**

Embezzlement or theft:

- ✗ which happens after you discover how this happened or identify the person responsible.
- ✗ of funds held by managing agents of your Strata Building.
- ✗ not reported to us within 6 months of you discovering it.
- ✗ when your accounting records cannot prove how much you have lost.
- ✗ when management of the Body Corporate has been outsourced to a managing agent, e.g., real estate agent.

**But we will NOT pay for:**

- ✗ Replacing or repairing any part of the gate or fence you don't own.
- ✗ Replacing or repairing a timber fence older than 15 years.
- ✗ Replacing or repairing any gate(s) or fence(s) that are blown over by storm if they were in need of repair prior to the storm.
- ✗ More than 2 kilometres of fencing.

**But we will NOT pay for:**

- ✗ Any motor or sealed unit over 10 years old.
- ✗ The cost of extracting or reinstalling a submersible pump.
- ✗ Damage to a refrigerator or freezer caused by spoiled food.
- ✗ Damage that is covered by a new product guarantee or warranty.

Motors in any:

- ✗ Radio.
- ✗ Television, video recorder, DVD player or recorder, Blu-Ray player or recorder.
- ✗ Computer, printer or computer equipment.
- ✗ Microwave oven.
- ✗ Stereo, hi-fi or other sound equipment.
- ✗ Motor or unit that is used for a business activity.

# STRATA BUILDING INSURANCE

## Strata Building Insurance Cover

### 5. ADDITIONAL COVER (continued)

#### **We will cover:**

#### ✓ **Office Bearer's Liability**

We will cover your legal liability arising from events:

- first made against any office bearers in the period of insurance; and
- notified to us in the period of insurance

for any office bearer's legal liability to compensate other unit owners by the office bearer in their role as an office bearer.

The most we will pay under this cover for all claims made (including legal expenses) in the period of insurance is \$1,000,000.

**But we will NOT pay for:**

- ✘ Injury, sickness or death of anyone.
- ✘ Circumstances covered under any other part of this policy.
- ✘ An office bearer claiming compensation from another office bearer.
- ✘ Defamation.
- ✘ Deliberate, intentional, reckless or malicious wrongful acts or omissions.
- ✘ Any wrongful act you or your office bearers were aware of and did not disclose to us when applying for this policy.
- ✘ Fines or awards for aggravated, exemplary or punitive damages.
- ✘ Claims received by any office bearer which were not notified to us during the period of insurance.
- ✘ Receipt of an illegal benefit by an office bearer.
- ✘ Any financial guarantee or warranty.
- ✘ Any claim made against an office bearer relating to the destruction or damage of documents such as bearer bonds, coupons, bank notes, currency notes and negotiable instruments.
- ✘ Wrongful acts or omissions by an office bearer when not performing in their role as your office bearer.
- ✘ Legal action or legal claims brought against you or your office bearers outside Australia.

# STRATA BUILDING INSURANCE

## Strata Building Insurance Cover

### 6. UNOCCUPIED STRATA BUILDING

- ✓ We will pay for any Insured Event if your entire Strata Building is unoccupied as long as it is not left unoccupied for more than 90 consecutive days.

If your entire Strata Building will be left unoccupied for longer than 90 consecutive days:

- We may continue to cover you if you tell us beforehand.
- An additional premium may be required and the cover will commence when any additional premium has been paid.
- Any claims made after 90 days of unoccupancy will have a \$500 excess applied. This excess is in addition to any basic or optional excess that you may have elected.

### 7. BUILDING WORK/RENOVATIONS

#### **We will cover you for any Insured Event:**

- ✓ If you will be undertaking major building work or renovations that exceed \$50,000:
  - We may continue to cover you if you tell us beforehand in writing.
  - If we agree to cover you, we will send you a new schedule noting this cover.
  - An additional premium may be required and a higher excess may be applied to your policy as a result of providing this cover.
  - The cover will commence when any additional premium has been paid.

You do not need to tell us about any building work or renovations which will cost less than \$50,000.

### **But we do NOT cover:**

When your Strata Building's exterior walls or roof are opened up or removed (even if temporarily covered) during Strata Building building, alterations or renovations, we do not cover:

- ✘ Legal liability for accidents caused by or arising out of building, altering or renovating your Strata Building.
  - ✓ Unless the total costs of building, altering or renovating are no more than \$50,000.
- ✘ Damage caused by water entering your Strata Building through openings in the walls or roof or other unfinished parts of your Strata Building.
- ✘ Storm damage or malicious acts to unfinished parts of your existing Strata Building or new work.
- ✘ Theft or malicious acts by someone who enters or leaves through open or unfinished work on your existing Strata Home or new work.
- ✘ Theft or malicious acts of building materials or fixtures before they are installed or fixed in place.

# STRATA BUILDING INSURANCE

## What is NOT covered under this policy

### 1. YOU ARE NOT COVERED UNDER THIS POLICY FOR:

- (a) Loss, damage or liability which arises gradually over time, not as a result of a single event or occurrence.
- (b) Any event causing loss, damage or liability, which does not occur during the Period of Insurance.
- (c) Loss, damage or liability caused by, arising directly or indirectly from or in any way connected with depreciation, wear, tear, rust, fading, mould, rising damp, mildew, rot or corrosion.
- (d) Loss, damage or liability caused by, arising directly or indirectly from or in any way connected with radioactivity or the use, existence or escape of nuclear fuel, material or waste.
- (e) Loss, damage or liability caused by, arising directly or indirectly from or in any way connected with any war, invasion, or acts of foreign enemy or hostilities (whether war has been declared or not). This includes civil war, rebellion, revolution, insurrection, and military or usurped power.
- (f) Loss, damage or liability caused by, arising directly or indirectly from or in any way connected with the lawful seizure, confiscation, nationalisation or requisition of any insured item.

- (g) Loss, damage or liability which arises outside Australia or off the site.
- (h) Loss, damage or liability caused by or arising directly or indirectly from or in any way connected with an intentional act by you or a person acting with the consent of you.
- (i) Loss, damage or liability caused by or arising directly or indirectly from or in any way connected with the sea or high water.
- (j) Loss, damage or liability caused by or arising directly or indirectly from or in any way connected with faulty design or workmanship.
- (k) Loss or damage caused by terrorism, directly or indirectly caused by, contributed to, resulting from or arising out of or in connection with biological, chemical, radioactive or nuclear pollution or contamination or explosion.
- (l) The cost of reinstalling or replacing electronically stored files.
- (m) Items sent by post or courier.
- (n) Erosion or subsidence caused by or as a result of erosion, vibration, subsidence, landslip, landslide, mudslide, collapse, shrinkage or any other earth movement.

# STRATA BUILDING INSURANCE

## What is NOT covered under this policy

### 2. WE MAY REFUSE A CLAIM, CANCEL A POLICY OR DO BOTH IF:

- (a) You are not truthful, accurate and frank in any statement you make in connection with a claim.
- (b) You do not keep an insured item(s) in good order and repair, including but not limited to watertight, structurally sound, secure and well-maintained.
- (c) You have not taken all reasonable care to protect any insured item(s).
- (d) An insured item is used (or let) for business purposes unless you tell us beforehand in writing and we agree to cover you.
- (e) You illegally keep in your Strata Building, or at the site, explosives or flammable or combustible fluids.
- (f) You do not immediately make a report to the police if you suspect that:
  - an office bearer has committed an offence for which they are legally liable.
  - an insured item has been stolen;
  - someone has acted maliciously in relation to an insured item; or
  - an attempt has been made to do either of these things.

We may require you to provide proof that a report was made.

If we agree to cover you, we will send you a new schedule noting this cover.

An extra premium may be required for this additional cover and cover will commence when any extra premium has been paid.

# FURTHER IMPORTANT INFORMATION

## 1. THE GENERAL INSURANCE CODE OF PRACTICE

We support and adhere to the General Insurance Code of Practice. A copy of the code can be obtained from the Insurance Council of Australia by visiting [www.insurancecouncil.com.au](http://www.insurancecouncil.com.au) or by phoning (02) 9253 5100.

## 2. OUR DISPUTE RESOLUTION PROCESS

If you have a complaint about any of our services or products, we want to give you every opportunity to find a satisfactory resolution.

### Step 1 Talk to us first

If you have a complaint, please give us every reasonable opportunity to try to resolve your complaint by first discussing it with one of our supervisors or managers.

If you are still not satisfied with our initial response you can contact our Compliance Manager.

### Step 2 Contact our Compliance Manager

If, having explored every avenue with our staff and management, you are still unhappy about our response, you may ask for it to be reviewed by our Internal Dispute Resolution (IDR) Panel.

This panel is made up of people who have had nothing to do with the previous decision and have not previously been involved with your case. The members of the panel have the skills and authority necessary to review the decision.

To activate this process, ask one of our customer service officers to connect you to our Compliance Manager, who will explain the process to you and assist you in lodging a request to have the matter reviewed. You can also make a request for a review by the IDR Panel by writing a letter to:

The Compliance Manager  
RACT Insurance Pty Ltd  
GPO Box 1292  
Hobart TAS 7001

After the matter has been lodged for review by the IDR Panel, we will write to you within 15 working days informing you of our decision and clearly indicating the reasons for that decision.

If you are still not satisfied with the outcome you can seek an external review of the decision.

### **Step 3 Seek an external review of the decision**

If the internal dispute resolution is not in your favour and you are still unhappy with the decision after reviewing the reasons provided, you can then approach the Financial Ombudsman Service (FOS) for its advice. The FOS may be contacted at:

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Phone: 1300 780 808  
Fax: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)  
[www.fos.org.au](http://www.fos.org.au)

The FOS will advise you if you are eligible to have our decision reviewed by their Independent Review Panel or by one of their referees. Again, this is without cost to you and the decision of the FOS is binding on us, in accordance with their Terms of Reference.

If, after having exhausted all these avenues through our internal processes and those of the FOS, we have not been able to reach a satisfactory resolution, you still retain your rights under the law.

## **3. INSURANCE FRAUD**

Insurance fraud is not a victimless crime. It imposes additional costs on honest policyholders and wastes the resources of our community.

This means it affects everyone.

We're encouraging the community to help prevent insurance fraud.

You can help – report any suspected insurance fraud to the RACT Insurance Compliance Manager.

Call 13 27 22 or email [racticompliance@ract.com.au](mailto:racticompliance@ract.com.au)



## RACT OFFICES

BURNIE  
DEVONPORT  
GLENORCHY  
HOBART  
KINGSTON  
LAUNCESTON  
ROSNY PARK

**13 27 22**

**ract.com.au**

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