



Insurance Contracts Amendment Regulation 2012 (No. 2)¹

Select Legislative Instrument 2012 No. 250

I, QUENTIN BRYCE, Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following regulation under the *Insurance Contracts Act 1984*.

Dated 8 November 2012

QUENTIN BRYCE
Governor-General

By Her Excellency's Command

WILLIAM RICHARD SHORTEN
Minister for Financial Services and Superannuation

1 Name of regulation

This regulation is the *Insurance Contracts Amendment Regulation 2012 (No. 2)*.

2 Commencement

This regulation commences 2 years after the day on which it is registered.

3 Amendment of *Insurance Contracts Regulations 1985*

Schedule 1 amends the *Insurance Contracts Regulations 1985*.

Schedule 1 Amendments

(section 3)

[1] Part I, heading

substitute

Part 1 Preliminary

[2] Subregulation 2 (1)

insert

home buildings insurance contract means a contract referred to in regulation 9.

home contents insurance contract means a contract referred to in regulation 13.

[3] **After regulation 2A**

insert

**Part 4 Disclosures and
misrepresentations**

Division 1 Insured's duty of disclosure

[4] **After regulation 3**

insert

**Division 3 Remedies for non-disclosure and
misrepresentations by insured**

[5] **After regulation 4**

insert

Division 4 Key Facts Sheets

4A Application of Division

- (1) This regulation is made for section 33A of the Act.
- (2) Each of the following class of contracts of insurance is declared to be a class of contracts in relation to which Division 4 of Part IV of the Act applies:
 - (a) a home buildings insurance contract;
 - (b) a home contents insurance contract.
- (3) In this Division, a reference to a contract includes a reference to a proposed or possible contract.

4B What is a *Key Facts Sheet*?

- (1) This regulation:
 - (a) is made for section 33B of the Act; and

- (b) prescribes:
 - (i) the information required to be contained in a Key Facts Sheet for a contract; and
 - (ii) requirements that a Key Facts Sheet must comply with.
- (2) A Key Facts Sheet must:
 - (a) contain the information, and be completed in the way, specified in the following form:
 - (i) for a home buildings insurance contract—Form 1 in Schedule 3;
 - (ii) for a home contents insurance contract—Form 2 in Schedule 3; and
 - (b) be A4 in size; and
 - (c) be set out in Arial font, in the following sizes:
 - (i) the heading at the top of the first page that starts with the words ‘KEY FACTS’ must be in size 18 font;
 - (ii) the word ‘STEP’ must be in size 16 font;
 - (iii) the number after the word ‘STEP’ must be in size 48 font;
 - (iv) the footnote after step 2 must be in size 8 font;
 - (v) the rest of the document must be in size 10 font; and
 - (d) be set out in the following colours, with sufficient contrast in the colours to allow the text to be easily read:
 - (i) the headings, subheadings, and policy name, must be in blue type on a white background;
 - (ii) the top box in step 2 must be in white type on a blue background;
 - (iii) the remaining boxes in step 2 must alternate between black type on a white background, and black type on a light blue background;
 - (iv) the box in step 3 must be in white type on a blue background;
 - (v) the rest of the document must be in black type on a white background.

4C Insurer's obligation to provide Key Facts Sheet

- (1) This regulation:
 - (a) is made for section 33C of the Act; and
 - (b) prescribes:
 - (i) the circumstances, and manner, in which an insurer must provide a Key Facts Sheet for a contract; and
 - (ii) the circumstances in which an insurer may or must provide a Key Facts Sheet for a contract by electronic means; and
 - (iii) exceptions to the requirement in subsection 33C (1) of the Act.
- (2) An insurer must provide a person (a **consumer**) with a Key Facts Sheet for a contract:
 - (a) if the consumer requests information about the contract—as soon as reasonably practicable, but not later than 14 days, after the consumer first requests information about the contract; and
 - (b) if the consumer enters into the contract with the insurer (other than by an agreement to extend or vary the contract or a reinstatement of the contract)—as soon as reasonably practicable, but not later than 14 days, after the consumer enters into the contract.
- (3) The insurer may provide the Key Facts Sheet by electronic means at the consumer's request.
- (4) If an insurer has a website that is accessible by members of the public, the insurer must keep the most current copy of each Key Facts Sheet for a contract on the website, in a format that may be downloaded by members of the public.
- (5) An insurer is not required to provide a consumer with a Key Facts Sheet for a contract:
 - (a) if:
 - (i) the insurer has already provided the consumer with the Key Facts Sheet; and
 - (ii) the Key Facts Sheet has not changed since then, other than a change to the date of the Key Facts Sheet; or

- (b) if:
 - (i) the insurer believes, on reasonable grounds, that someone else has already provided the consumer with the Key Facts Sheet; and
 - (ii) the Key Facts Sheet has not changed since then, other than a change to the date of the Key Facts Sheet; or
- (c) if the consumer:
 - (i) requests information about the contract from an insurance broker; or
 - (ii) enters into the contract through an insurance broker who is not acting as an agent of the insurer in relation to the contract; or
- (d) if the consumer does not provide the insurer with the consumer's address (postal or electronic) to which the Key Facts Sheet is to be sent; or
- (e) if the consumer informs the insurer that the consumer does not want the Key Facts Sheet.

[6] Part II, heading

substitute

Part 5 The contract—standard cover

[7] Subregulation 29C (2)

substitute

- (2) However, subregulation (1) does not apply to a contract that is arranged by an insurance broker who is acting as an agent of the insured.

[8] **Part III, heading**
substitute

Part 10 Miscellaneous

[9] **Part 4, heading**
substitute

Part 11 Transitional arrangements

[10] **Regulation 40, heading**
substitute

40 Purpose of Part

[11] **Subregulation 41 (1), note**
omit
Part II
insert
Part 5

[12] **After Schedule 2**
insert

Schedule 3 Key Facts Sheets (regulation 4B)

Form 1 Home buildings insurance contract

The content of this Key Facts Sheet is prescribed by the Australian Government and is a requirement under the *Insurance Contracts Act 1984*

KEY FACTS ABOUT THIS HOME BUILDING POLICY

[insert policy name]

Prepared on: [insert date of this key facts sheet's preparation]

[Insert insurance provider's/
distributor's logo or brand]

THIS IS NOT AN INSURANCE CONTRACT

STEP 1 Understanding the Facts Sheet

This Key Facts Sheet sets out some of the events covered and not covered by this policy and other information you should consider. This sheet does not provide a complete statement of the cover offered, exclusions, conditions and limits that apply under the policy. You should carefully read the **Product Disclosure Statement (PDS)** and all policy documentation for more details.

STEP 2 Check the maximum level of cover and the events covered

Under this policy [insert details of the maximum cover provided in accordance with step 3]

Event/Cover	Yes/No Optional	Some examples of specific conditions, exclusions or limits that apply to events/covers (see PDS and other policy documentation for details of others)*
Fire and Explosion	[Yes/No Optional]	[insert policy specific condition, exclusion or limits] [if the wording of event/cover in column one is not consistent with the wording used in the PDS insert an explanation on how the event cover applies in respect to the policy]
Flood	[Yes/No Optional]	[insert policy specific condition, exclusion or limits] [if the wording of event/cover in column one is not consistent with the wording used in the PDS insert an explanation on how the event cover applies in respect to the policy]
Storm	[Yes/No Optional]	[insert policy specific condition, exclusion or limits] [if the wording of event/cover in column one is not consistent with the wording used in the PDS insert an explanation on how the event cover applies in respect to the policy]
Accidental breakage	[Yes/No Optional]	[insert policy specific condition, exclusion or limits] [if the wording of event/cover in column one is not consistent with the wording used in the PDS insert an explanation on how the event cover applies in respect to the policy]
Earthquake	[Yes/No Optional]	[insert policy specific condition, exclusion or limits] [if the wording of event/cover in column one is not consistent with the wording used in the PDS insert an explanation on how the event cover applies in respect to the policy]
Lightning	[Yes/No Optional]	[insert policy specific condition, exclusion or limits] [if the wording of event/cover in column one is not consistent with the wording used in the PDS insert an explanation on how the event cover applies in respect to the policy]
Theft and Burglary	[Yes/No Optional]	[insert policy specific condition, exclusion or limits] [if the wording of event/cover in column one is not consistent with the wording used in the PDS insert an explanation on how the event cover applies in respect to the policy]
Actions of the sea	[Yes/No Optional]	[insert policy specific condition, exclusion or limits] [if the wording of event/cover in column one is not consistent with the wording used in the PDS insert an explanation on how the event cover applies in respect to the policy]
Malicious Damage	[Yes/No Optional]	[insert policy specific condition, exclusion or limits] [if the wording of event/cover in column one is not consistent with the wording used in the PDS insert an explanation on how the event cover applies in respect to the policy]
Impacts	[Yes/No Optional]	[insert policy specific condition, exclusion or limits] [if the wording of event/cover in column one is not consistent with the wording used in the PDS insert an explanation on how the event cover applies in respect to the policy]
Escape of liquid	[Yes/No Optional]	[insert policy specific condition, exclusion or limits] [if the wording of event/cover in column one is not consistent with the wording used in the PDS insert an explanation on how the event cover applies in respect to the policy]
Removal of debris	[Yes/No Optional]	[insert policy specific condition, exclusion or limits] [if the wording of event/cover in column one is not consistent with the wording used in the PDS insert an explanation on how the event cover applies in respect to the policy]
Alternative accommodation	[Yes/No Optional]	[insert policy specific condition, exclusion or limits] [if the wording of event/cover in column one is not consistent with the wording used in the PDS insert an explanation on how the event cover applies in respect to the policy]

* This Key Facts Sheet is a guide only. The examples provided are only some of the conditions, exclusions and limits in this policy. You must read the PDS and policy documentation for all information about this policy.



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The content of this Key Facts Sheet is prescribed by the Australian Government and is a requirement under the *Insurance Contracts Act 1984*

STEP 3 Other things to consider

Limits

This policy has restrictions that limit your cover for certain events and items, for example [insert policy specific example]. To find out these limits you need to read the PDS and other relevant policy documentation.

Excesses

If you make a claim, the excess is the amount you may have to pay for each incident. A number of different excesses may apply in respect to this policy, for example [insert policy specific example]. You may be able to increase these excesses to lower your premium. For more detail, please read the PDS and other policy documentation [if no excesses apply to the policy the words from "A number of different" to "other policy documentation" can be removed and the following wording can be inserted: However under this policy no excesses apply.]

Legal liability

This policy covers your legal liability when you are found to be legally responsible for damage or personal injury to a third party or their property. It is limited to [insert policy specific information]. You should read the PDS carefully to determine the extent of this cover. [If no cover is provided for limited liability under the policy the wording in this section can be deleted and the following wording can be inserted: This policy doesn't provide cover for legal liability.]

Cooling off period

If you decide you don't want this policy within [insert policy specific information] days of it being issued and you haven't made a claim, you can cancel it and receive a refund.

Maximum level of cover offered by insurers

Insurers offer different maximum levels of cover in the event of the loss or destruction your home including where:

- you set the maximum level of cover and your payout is limited to that amount* (*Sum insured*).
- you set the maximum level of cover and the insurer may provide you with some agreed extra cover above that amount (*Sum insured plus safety net*).
- the insurer will cover all the reasonable costs to rebuild your home (*Total replacement*).

* the insurer may provide some cover above this amount.

You should consider which type of cover is best for you.

Failure to adequately insure your home may result in underinsurance.

Warning: this Key Facts Sheet sets out some of the conditions, exclusions and limits in respect to this policy. You should read the PDS and all policy documentation for all the conditions, exclusions and limitations of this policy that limit or exclude cover

STEP 4 Seek more information

If you want more information on this policy contact us on [insert insurer/distributor specific details].

For more information on choosing insurance and to better understand insurance visit the Australian Government website: www.moneysmart.gov.au

The policy this KFS relates to is:

- Provided/Distributed by [insert policy specific details including the AFSL number].
- Underwritten by [insert policy specific details including the AFSL number].

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Form 2 Home contents insurance contract

The content of this Key Facts Sheet is prescribed by the Australian Government¹ and is a requirement under the Insurance Contracts Act 1984²

KEY FACTS ABOUT THIS HOME CONTENTS

[insert policy name]³

Prepared on: [insert date of this key facts sheet's preparation]⁴

THIS IS NOT AN INSURANCE CONTRACT⁵

[insert insurance provider/
distributor's logo]⁶

STEP 1 → Understanding the Facts Sheet⁷

This Key Facts Sheet sets out some of the risks covered and not covered by this policy and other information you should consider. This sheet does not provide a complete statement of the cover offered, exclusions, conditions and limits that apply under the policy. You should carefully read the Product Disclosure Statement (PDS) and all policy documentation for more details.⁸

STEP 2 → Check the maximum level of cover and the events covered⁹

Under this policy [insert details of the maximum cover provided in accordance with step 3]¹⁰

Event/cover ¹¹	Yes/No/Optional ¹²	Some examples of specific conditions, exclusions or limits that apply to events/covers (see PDS and other policy documentation for details of others) ¹³
Fire and Explosion ¹⁴	[Yes/No/Optional] ¹⁵	[insert policy specific condition, exclusion or limits] ¹⁶ If the wording of event/cover in column one is not consistent with the wording used in the PDS - insert an explanation on how the event cover applies in respect to the policy ¹⁷
Flood ¹⁸	[Yes/No/Optional] ¹⁹	[insert policy specific condition, exclusion or limits] ²⁰ If the wording of event/cover in column one is not consistent with the wording used in the PDS - insert an explanation on how the event cover applies in respect to the policy ²¹
Storm ²²	[Yes/No/Optional] ²³	[insert policy specific condition, exclusion or limits] ²⁴ If the wording of event/cover in column one is not consistent with the wording used in the PDS - insert an explanation on how the event cover applies in respect to the policy ²⁵
Accidental breakage ²⁶	[Yes/No/Optional] ²⁷	[insert policy specific condition, exclusion or limits] ²⁸ If the wording of event/cover in column one is not consistent with the wording used in the PDS - insert an explanation on how the event cover applies in respect to the policy ²⁹
Earthquake ³⁰	[Yes/No/Optional] ³¹	[insert policy specific condition, exclusion or limits] ³² If the wording of event/cover in column one is not consistent with the wording used in the PDS - insert an explanation on how the event cover applies in respect to the policy ³³
Lightning ³⁴	[Yes/No/Optional] ³⁵	[insert policy specific condition, exclusion or limits] ³⁶ If the wording of event/cover in column one is not consistent with the wording used in the PDS - insert an explanation on how the event cover applies in respect to the policy ³⁷
Theft and Burglary ³⁸	[Yes/No/Optional] ³⁹	[insert policy specific condition, exclusion or limits] ⁴⁰ If the wording of event/cover in column one is not consistent with the wording used in the PDS - insert an explanation on how the event cover applies in respect to the policy ⁴¹
Actions of the sea ⁴²	[Yes/No/Optional] ⁴³	[insert policy specific condition, exclusion or limits] ⁴⁴ If the wording of event/cover in column one is not consistent with the wording used in the PDS - insert an explanation on how the event cover applies in respect to the policy ⁴⁵
Malicious Damage ⁴⁶	[Yes/No/Optional] ⁴⁷	[insert policy specific condition, exclusion or limits] ⁴⁸ If the wording of event/cover in column one is not consistent with the wording used in the PDS - insert an explanation on how the event cover applies in respect to the policy ⁴⁹
Impacts ⁵⁰	[Yes/No/Optional] ⁵¹	[insert policy specific condition, exclusion or limits] ⁵² If the wording of event/cover in column one is not consistent with the wording used in the PDS - insert an explanation on how the event cover applies in respect to the policy ⁵³
Escape of liquid ⁵⁴	[Yes/No/Optional] ⁵⁵	[insert policy specific condition, exclusion or limits] ⁵⁶ If the wording of event/cover in column one is not consistent with the wording used in the PDS - insert an explanation on how the event cover applies in respect to the policy ⁵⁷
Cover for valuables, collections and items away from the insured address ⁵⁸		
High value items and collections ⁵⁹	[Yes/No/Optional] ⁶⁰	[insert policy specific condition, exclusion or limits] ⁶¹ If the wording of event/cover in column one is not consistent with the wording used in the PDS - insert an explanation on how the event cover applies in respect to the policy ⁶²
Items away from insured address ⁶³	[Yes/No/Optional] ⁶⁴	[insert policy specific condition, exclusion or limits] ⁶⁵ If the wording of event/cover in column one is not consistent with the wording used in the PDS - insert an explanation on how the event cover applies in respect to the policy ⁶⁶

¹ This Key Facts Sheet is a guide only. The examples provided are only some of the conditions, exclusions and limits in this policy. You must read the PDS and policy documentation for all information about this policy.¹

1 of 2

The content of this Key Facts Sheet is prescribed by the Australian Government[¶] and is a requirement under the Insurance Contracts Act 1984[¶]

STEP 3 → Other things to consider[¶]

Limits[¶]

This policy has restrictions that limit your cover for certain events and item, for example [insert policy specific example].[¶] To find out these limits you need to read the PDS and other relevant policy documentation.[¶]

Excesses[¶]

If you make a claim, the excess is the amount you may have to pay for each incident. A number of different excesses may apply in respect to this policy, for example [insert policy specific example]. You may be able to increase these excesses to lower your premium. For more detail, please read the PDS and other policy documentation. [if no excesses apply to the policy the words from "A number of different" to and "other policy documentation" can be removed and the following wording can be inserted: However under this policy no excesses apply.][¶]

Legal liability[¶]

This policy covers your legal liability when you are found to be legally responsible for damage or personal injury to a third party or their property. It is limited to [insert policy specific information]. You should read the PDS carefully to determine the extent of this cover. [if no cover is provided for limited liability under the policy the wording in this section can be deleted and the following wording can be inserted: This policy doesn't provide cover for legal liability][¶]

Cooling off period[¶]

If you decide you don't want this policy within [insert policy specific information] days of it being issued and you haven't made a claim, you can cancel it and receive a refund.[¶]

Maximum level of cover offered by insurers[¶]

Insurers offer different maximum levels of cover in the event of the loss or destruction your contents including where:[¶]

- → you set the maximum level of cover and your payout is limited to that amount¹ (Sum insured).[¶]
- → you set the maximum level of cover and the insurer may provide you with some agreed extra cover above that amount (Sum insured plus safety net).[¶]
- the insurer² may provide some² cover² above² this² amount[¶]

When working out how much cover you need for your contents, ensure that you value your possessions correctly. To do this you could start by listing all your contents and working out how much it would cost to replace them.[¶]

A failure to adequately insure your contents for their replacement value may result in underinsurance.[¶]

Warning: this key Facts Sheet sets out some of the conditions, exclusions and limits in respect to this policy. You should read the PDS and all policy documentation for all the conditions, exclusions and limitations of this policy that limit or exclude cover.[¶]

STEP 4 → Seek more information[¶]

If you want more information on this policy contact us on [insert insurer/distributor specific details][¶]

[¶] For more information on choosing insurance and to better understand insurance visit the Australian Government website: www.moneysmart.gov.au

The policy this KFS relates to is:[¶]

- → Provided/Distributed by [insert policy specific details including the AFSL number][¶]
- → Underwritten by [insert policy specific details including the AFSL number][¶]

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Note

1. All legislative instruments and compilations are registered on the Federal Register of Legislative Instruments kept under the *Legislative Instruments Act 2003*. See www.comlaw.gov.au.