

# CGU Flood Cover

## Customer information on automatic flood cover in Home and Landlords policies

CGU is introducing automatic flood cover as an additional policy feature in our Home and Landlords insurance. This will ensure all our customers are covered for damage caused by water.

The **no opt-out** flood cover solution provides customers with certainty and clarity when water damage occurs.

**CGU flood cover will be available for new and existing policies from February 2012.**

We understand that the majority of Australian properties are in areas where floods do not occur. These customers will not experience any increase in their premiums due to flood cover.

For properties in areas where the risk of flood is low, there may be a minimal impact on premiums. While for customers with properties in medium to high-risk flood areas, premiums are likely to increase significantly.

From February 2012, **flood cover is automatically included in current CGU Home and Landlords policies in low-risk areas, at no additional cost until your next renewal.** At renewal your premium may change depending on your individual insurance requirements, changes to property risks or general increases in premiums.

For current Home and Landlords policies in medium to high-risk areas, flood cover will be included in your policy upon renewal. However, customers in medium to high-risk areas can choose to take advantage of this new policy benefit and purchase flood cover prior to their current renewal date.

If you would like to know more about your flood insurance requirements, **Speak with your local insurance adviser.**

### Benefits of automatic flood cover

As one of Australia's leading insurers, with a national presence and 160 years experience in the market, CGU is committed to providing insurance products and claims services that meet the needs of our customers.

Due to the recent availability of flood mapping data and CGU's investment in flood research, our automatic flood cover:

- removes ambiguity around what customers are covered for, providing **increased peace of mind** when water damage occurs.
- protects customers against damage caused by **increasing severe weather events** which are affecting more and more people.
- enables **quick and accurate flood claim resolutions**, removing delays caused by waiting for complex expert assessments.

### Flood definition and cover

CGU has adopted the Federal Government's definition of flood within our Home and Landlords policies. The Government defines flood as:

"the covering of normally dry land by water that has escaped or been released from the normal confines of;

- a) any lake, or any river, creek or other natural water course, whether or not altered or modified; or
- b) any reservoir, canal or dam."

POLICY FEATURES	
Water losses due to:	Included
Water escaping from: <ul style="list-style-type: none"> <li>• A water pipe, fixed pipe or an object attached to a pipe, fixed gutter, fixed tank or a drain</li> <li>• A bath, basin, sauna, spa, shower base or shower wall, sink, toilet or tiled floor with drainage holes</li> <li>• A washing machine or dishwasher</li> <li>• An aquarium or waterbed</li> </ul>	✓
<b>NEW POLICY BENEFITS</b> <ul style="list-style-type: none"> <li>• Damage by water rising from a:                             <ul style="list-style-type: none"> <li>• Lake</li> <li>• River</li> <li>• Creek</li> <li>• Dam</li> <li>• Natural water course</li> <li>• Reservoir</li> <li>• Canal</li> </ul> </li> </ul>	✓
Damage from sea water caused by: <ul style="list-style-type: none"> <li>• Tsunami</li> <li>• Storm surge (salt water from the ocean)</li> </ul>	✓ ✗

## The cost of flood cover

CGU's insurance premiums reflect the risk being insured, and we understand that the majority of Australian properties are in areas where floods do not occur. These customers will not experience any increase in their premiums due to flood cover. For properties in areas where the risk of flood is low, there may be a minimal impact on premiums.

For customers living in flood-prone areas, premiums will increase significantly. CGU calculates flood cover premiums based on the possibility of each individual property flooding, and the severity of damage according to the unique property address. It is important that CGU has full and detailed customer addresses to ensure we can accurately locate the property on flood maps and provide accurate premiums.

### Factors contributing to pricing flood cover

Flood cover is typically more expensive than storm or other weather-related damage to repair. This is often because of the depth and speed of flood water moving through the property.

1. **Dirtyness of flood water** – Whereas storm water is clean and flows through a home, flood water rising from lakes or dams is often dirty and causes irreparable damage to household items. Flood claims are more costly to resolve as, more often, items need to be replaced rather than repaired.
2. **Flood severity** – The severity of flood events means that the damage caused can be greater than with other weather events.

## 10 Key Flood Facts

1. CGU includes automatic flood cover in all Home and Landlords policies
2. There is no opt-out for flood cover in CGU's policies
3. CGU has adopted the Government's common definition for flood
4. For the majority of customers there will be minimal or no change to premiums due to flood cover
5. Customers in flood-prone areas will receive increases to premiums
6. CGU uses flood maps to assess flood risks to individual properties
7. CGU provides flood cover for all areas of Australia
8. Customers must provide full address details to generate an accurate quote
9. Automatic flood cover provides customers with peace of mind
10. Automatic flood cover ensures quick and accurate flood claim resolutions,

## What You Need to Do

Remember, the majority of Australian properties are in areas where the flood risk is minimal. For these properties flood cover will be automatically included within your Home or Landlords policy, at no additional charge, from February 2012 until your renewal.

However, if you think your property is in a flood-prone area or have a concern about your flood exposure, **please speak with your local insurance adviser to understand your insurance requirements.**