

Victorian FSL Changes

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The Victorian Government has announced that it is abolishing the Victorian Fire Services Levy (FSL) on 30 June 2013, as recommended by the 2009 Bushfire Royal Commission.

Allianz has received advice from the Government on the proposed changes to the Metropolitan and Country Fire Authority's funding requirements for the forthcoming 2012/13 financial year. Following this advice, to enable Allianz to meet its legislated financial obligations, we will implement an amendment to all policies insuring against fire in respect of property in Victoria.

With effect from the 1 August 2012, Allianz will no longer refund the Victorian FSL when a policy is cancelled, unless required by law to do so.

Which policies are affected?

All policies that carry a fire risk in respect of properties in Victoria; this includes domestic home and landlord, commercial packages, farm, strata, commercial property, and construction and engineering.

New Supplementary Product Disclosure Statement

Allianz is issuing a Supplementary Product Disclosure Statement (SPDS) to update our current Product Disclosure Statements, which for Home and Landlord policies will be added to your customers' new business and renewal schedules. SPDSs can also be downloaded from the Policy Documents section of the Allianz Workbench attached to the applicable Product Disclosure Statement.

Policy Cancellations

As outlined in the SPDS, unless required by law to do so, Allianz will not refund the Victorian FSL component of a policy with an effective date of, or after, 1 August 2012. This provision will not apply to policies cancelled in full (i.e. from inception) by a customer exercising their cooling off rights under the policy.

What do I need to do next?

- Review the contents of this Information Bulletin to ensure that you understand the change and its effective date. A *Frequently Asked Questions* section on the back of this communication contains responses to the most commonly anticipated queries.
- Contact your Allianz Account Manager if you require further information.

Frequently Asked Questions

The following section has been prepared to assist you with understanding these changes.

Q. What is the Fire Services Levy (FSL)?

A. Under the Metropolitan Fire Brigades Act 1958 (VIC) and the Country Fire Authority Act 1958 (VIC) insurers providing cover against fire in respect of property located in Victoria are required to contribute 75% of the annual budget of the Metropolitan Fire and Emergency Services Board and 77.5% of the annual budget for the Country Fire Authority. These funds are collected through an FSL applied to each property risk in Victoria.

Q. Why is it changing?

A. The Victorian Government has announced that it is abolishing the Victorian FSL on 30 June 2013, as recommended by the 2009 Bushfire Royal Commission.

Upon advice received from the Government on the proposed changes to the Metropolitan and Country Fire Authority's funding requirements for the forthcoming 2012/13 financial year, Allianz Australia has determined that we need to amend our policies to enable us to meet our legislated financial obligations.

Q. What policies do the changes apply to?

A. All policies that carry a fire risk in respect of properties in Victoria; this includes domestic home and landlord, commercial packages, farm, strata, commercial property, and construction and engineering.

Q. How will the change be communicated to customers?

A. An SPDS will be printed on the policy schedule of all new business and renewals with an effective date on or after **1 August 2012**.

Q. Where can I find a copy of the Supplementary Product Disclosure Statement?

A. The Supplementary Product Disclosure Statement is available in the Policy Documents section of the Allianz Workbench, attached to the applicable Product Disclosure Statement.

Q. What happens if a customer cancels their policy?

A. As outlined in the SPDS, unless required by law to do so, Allianz will not refund the Victorian FSL component of a policy with an effective date of, or after, 1 August 2012. This provision will not apply to policies cancelled in full (i.e. from inception) by a customer exercising their cooling off rights under the policy.

Home or Landlords Insurance

Supplementary Product Disclosure Statement (SPDS)

Preparation Date: 21/05/2012

This document is an SPDS that updates and amends the Home or Landlords Product Disclosure Statement and Policy Document (PDS) issued by Allianz and provided to you. It is issued by the insurer Allianz Australia Insurance Limited ABN 15 000 122 850 AFS Licence No. 234708 of 2 Market Street Sydney NSW 2000. Where this SPDS applies, it must be read together with the PDS and any other SPDS that you are given which updates or amends the PDS.

Please contact us if you require another copy of the PDS issued by us to you.

This SPDS only applies in relation to persons with homes, situations or risk addresses that are located in the State of Victoria, Australia and amends the PDS as follows:

The following additional conditions are added to the **“Conditions of cover”** section of the PDS:

Victorian Fire Services Levy

Other than as required by law, we will not refund any amount paid by you that is referable to our estimate of the Victorian Fire Services Levy for any policy that was issued on or after 1 August 2012.

Under the Metropolitan Fire Brigades Act 1958 (VIC) and the Country Fire Authority Act 1958 (VIC) insurers insuring against fire in respect of property in Victoria are required to contribute 75% of the annual budget of the Metropolitan Fire and Emergency Services Board and 77.5% of the annual budget for the Country Fire Authority.

The amount we are required to pay is determined by reference to the percentage of premium we collect compared to the premium of all other insurers insuring fire property in Victoria. This percentage is not known at the date of issue of your policy and therefore we allocate to all relevant policies our estimate of the amount that we will be required to pay towards this contribution. The amount (if any) that we have estimated for your policy is shown in the “Premium Details” section of your policy schedule and is described as “Emergency and / or Fire Services Levies”.

We are not able to calculate in advance the exact amount we need to allocate to your policy and all other relevant policies and, as a consequence, we may either over-recover or under-recover these amounts in any particular year. The under- and over-recoveries are reported to the Victorian fire service authorities but no adjustment will be made to your premium by reference to any such under- or over- recovery.

From 1 July 2013 insurers will no longer be required to contribute to the Victorian fire services authorities and so policies issued on or after this date will not include any amounts referable to the Victorian Fire Services Levy.

The **“Cancellation rights under the policy”** section is deleted and replaced with the following:

Cooling off period and cancellation rights under the policy

- (a) You have a cooling off period of fourteen (14) days from the date you purchased your policy.
- (b) You may return / cancel your policy at any time after the date the policy commenced (whether during or after the cooling off period) by telephoning or writing to us.
- (c) We have the right to cancel this policy where permitted by law. For example, we can cancel:
 - if you have failed to comply with your Duty of Disclosure, or
 - where you have made a misrepresentation to us during negotiations prior to the issue of this policy, or
 - where you have failed to comply with a provision of your policy, including the term relating to payment of premium, or
 - where you have made a fraudulent claim under your policy or under some other contract of insurance that provides cover during the same period of time that our policy covers you, or

- where we agree to accept payment of premium by periodic instalment and at least one instalment remains unpaid in excess of one month from the date on which it was due and payable.
- (d) If you or we cancel the policy (whether during or after the cooling off period) we may deduct a pro rata proportion of the premium for time on risk, reasonable administrative costs related to the acquisition and termination of the policy and any government taxes or duties we cannot recover.
- (e) Other than as required by law, we will not refund any amount paid by you that is referable to our estimate of the Victorian Fire Services Levy for any policy that was issued on or after 1 August 2012.