

Learning Unit 4: Household Goods



learning outcomes

Learning Outcomes

Upon completion of this learning unit, it is expected that you will be able to:

- Understand and provide definitions for terminology
- List who we insure for household goods
- Describe what we insure for household goods
- Understand and explain the insured events for household goods
- Describe other loss or damage cover provided under household goods
- Explain what liability cover is offered under household goods
- Identify which cover is optional under household goods
- Be able to distinguish between Full cover and Limited cover under household goods
- Identify what is not insured (the exclusions) under the household goods
- Understand and explain the different methods of compensation
- Identify which special conditions apply
- Have an overview of the underwriting rules



Introduction

Apart from loved ones, the things closest to a person’s heart are possessions: those items that we work hard to save for and that generally cost a great deal. Not only that, some of these items may have enormous sentimental value and we would be devastated if they were lost. Therefore, insuring these valuable (and invaluable) items is a reasonable thing to do. The insurance of clients’ household goods needs careful thought and a great deal of insight into how to assist them best because of the diversity of items and the way they are utilised.

Basically, household goods insurance covers the contents of the client’s home, the items in the garage and/or storeroom as well as garden furniture and other items outdoors, against loss arising from events outlined in the policy document. However, there may be conditions to the cover.

This learning unit provides details on the cover included and excluded under the Household Goods section of the allsure policy.



4.1 Definitions

These definitions provide a clear description of whom and what is covered under the household goods section. This table clearly sets out the definitions relevant to household insurance for easy reference.

There is space for you to add more terms and definitions should you need to.

Word or phrase used	Definition and description
you (your, yourself)	<p>The phrase you refer to the policyholder and other people we insure under this section.</p> <p>The policyholder is the individual or individuals who own (or are responsible for) the property being covered and as a result, the relationship has to be defined at the inception of the policy.</p> <p>Although one individual is named in the policy schedule, there are times when a family is relatively large and extended family members such as parents or grandparents who live with the policyholder on a permanent basis need to be included in the cover provided. For this reason, the definition is extended to include anyone insured under this section.</p>

we (us, our)	This is Mutual & Federal Insurance Company Ltd. Registration No: 1970/006619/06.
compensation	This means that the insurer will pay the insured the amount stated in the schedule when a claim against an insured event has been made.
consequential loss	This is the loss or damage which occurs as a result of the actual, insured loss or damage. It is the 2 nd loss experienced and might not be insured.
excess	This is the first amount which must be paid by the policyholder before a claim is settled.
exclusions	This is an event, loss or damage which <u>is not</u> insured.
home	The main building and buildings connected by a door to the main building (adjoining buildings) situated at the address shown in the schedule. It is the Home where you live permanently. Unless otherwise stated in the schedule, the buildings and adjoining buildings must be made of brick, stone or concrete with a slate, tile, metal, concrete or asbestos roof.
outbuildings	<ul style="list-style-type: none"> • Separate building on your property, for example domestic Outbuildings, Home offices, and private garages that do not interlead with the main building. Unless otherwise stated in the schedule, the Outbuildings must be made of brick, stone or concrete with a slate, tile, metal, concrete or asbestos roof; or • An Outbuilding or lapa of thatched construction which may be attached to or connected to the Home by an interleading door or situated within 4m of the main building and is less than 15% of the total square meter of the entire Home. • The Outbuildings or lapa must be situated at the address shown in the schedule.
period of insurance	<p>The period of insurance could be monthly or yearly.</p> <p>A monthly period of insurance extends from the start date of insurance to the same day of the month, one month later, e.g. 16 June to 16 July.</p> <p>A yearly period of insurance extends from the start date of the insurance to the anniversary date, e.g. 1 April 2013 to 31 March 2014 and then the renewal begins.</p>

<p>schedule</p>	<p>This is the document which sets out:</p> <ul style="list-style-type: none"> • The type of insurance bought • The parties insured • The period of insurance • The amounts insured for • Excesses that apply • The premium to be paid.
<p>spouse</p>	<p>A spouse can be one of two parties:</p> <ul style="list-style-type: none"> • The partner of a policyholder in marriage, civil union or customary union by South African law. • A person who is in a continuous relationship for more than one year and who is named in the schedule.
<p>start date</p>	<p>The start date is always the latest of the following dates:</p> <ul style="list-style-type: none"> • The date on which the insurance starts as stipulated in the schedule. • That date on which any change to the policy became effective. <p>For example: The insurance was incepted on 25 February 2014 but on 8 August 2014 a mid-term adjustment was made to one of the items on the policy. 8 August is therefore the start date.</p>
<p>wild baboons or wild monkeys</p>	<p>This definition refers to wild baboons or wild monkeys that live freely in the natural surroundings and are not kept as pets or farm animals or kept confined in anyway.</p>

4.2 Who we insure

We insure the following people under this section:

- The policyholder
- The policyholder's spouse
- The policyholder or spouse's children who permanently live with the policyholder and are financially dependent on the policyholder
- Other family members who permanently live with the policyholder and are financially dependent on the policyholder. To be insured, these family members must be named in the schedule.



4.3 What we insure

The cover afforded under this section is one of the following:

Full insurance cover	This cover is provided on a full insured basis as described in the policy wording (comprehensive).
Limited insurance cover	<p>Where clients do not require comprehensive cover for household goods there is a limited cover option available at a reduced premium.</p> <p>This option excludes cover in respect of any other events or items listed under the heading "Other loss or damage" and "loss or damage from theft or attempted theft" and accidental damage, however compensation for liability is included.</p>

Cover afforded is based on the following conditions:

Compensation is granted for loss or damage to household goods caused by insured events. The household goods must belong to the client or is his/her responsibility and must be used for private purposes.

This includes goods in the home and outbuildings up to the limits shown in the schedule. A good analogy to use is that "if you turn your home upside down, everything that falls out would be covered".

With the advent of people working from home, this section of the policy provides cover for business goods and equipment that are used inside the private residence. This cover is intended for the policyholder who operates a low risk type of business from home, for example, an accountant.

Some examples of business goods include:

- Computers
- Laptops
- Printers


- Scanners
- Computer software
- Office furniture

The limit for business goods is shown on the policy schedule in any 12 month period of insurance.

Insured events

Loss or damage by Insured events

The insurer will compensate the policyholder for loss or damage caused to the private home by insured events as listed below:

Compensation for...	But not for...
Fire, explosion and lightning	
Malicious damage	Loss or damage caused by someone living in the private home or outbuildings.
Storm, flood, wind, water, hail or snow 	Loss or damage caused by or to any of the following: <ul style="list-style-type: none"> • Property in the open unless the property is designed or intended to operate in the open; • any process which uses or applies water; • deterioration, wear and tear or any gradually operating cause; • Rust, corrosion or mildew;
Earthquake	
Bursting, leaking or overflowing of pipes, water apparatus or oil-fired heating apparatus	Damage the apparatus or pipes themselves;
Loss of or damage to Household Goods caused by impact to the Home and Outbuildings;	

<p>Gradual sinking of land (subsidence) and landslip of the land supporting the Home and Outbuildings, as shown in the schedule.</p> <p>Note: If the insurer maintains that the identified damages are not insured by this insurance, the burden of proving the opposite will rest with the policyholder.</p>	<p>Loss or damage caused by or made worse by:</p> <ul style="list-style-type: none"> • Faulty design, insufficient compacting of filling, poor construction; • Removal or weakening of support; • Structural alterations, additions or repairs; • Surface or subterranean excavations except those performed during mining operations • Normal settlement, shrinkage or expansion; • Contraction or expansion of clay and similar soil types due to its moisture or water content.
<p>Theft or attempted theft.</p>	<p>Theft or attempted theft while the insured property is:</p> <ul style="list-style-type: none"> • In a building you are temporarily living in; • In a building you are employed in; <p>Inside the building of a business where your household Goods are being made up, altered, renovated, repaired, cleaned or dyed.</p>

Other loss or damage

The limit applicable is reflected on the policy schedule. Other loss or damage that can be included is as follows:

Accidental damage including power surge

The policyholder will be compensated up to the limit shown in the schedule for accidental damage to Household Goods in the Home and Outbuildings. This includes damage caused by power surges.

Cover in respect of this extension is limited to R10,000 and should the policyholder require additional cover, optional cover is available and is discussed later in this section.

The insurer will not compensate the insured for loss or damage caused by:

- wear and tear, rust, mildew, corrosion or decay;
- depreciation or gradual operating cause, process or dyeing, cleaning or renovating;
- the action of light or climatic conditions;
- electronic, electrical or mechanical breakdown;
- over winding of items such as clocks;
- cracking, scratching, denting or chipping of items;
- confiscation or detention by law;
- consequential damage.

The insurer will not compensate the insured for loss of or damage:

- to garden equipment, furniture or tools
- to sporting equipment damaged in use
- to firearms
- to portable computer equipment, cellular phones, mobile communication equipment, hand-held portable telephones, videos, audio tapes, compact discs and DVD's
- to personal belongings
- covered by any manufacturer's guarantee, purchase agreement or service contract.

Fire brigade charges

When the fire brigade is called, for putting out a fire at your private residence, they incur expenses for which the caller is responsible. Therefore, this cover is included in the policy wording to cover the reasonable costs related to the extinguishing or fighting of a fire at the insured premises, up to the limit shown in the schedule. The insurer would rather pay the costs of putting out a fire at the private home than the cost of replacing an entire dwelling, which would otherwise have burnt to the ground.

Loss of water by leaking pipes

The leakage of water from pipes within the private home or on its grounds is covered under this section of the policy only if the policyholder is responsible for paying these costs. This cover is subject to certain conditions as follows:

- The insurer will only compensate the policyholder if the water reading is above the average of the previous four readings by 50% or more;
- The policyholder must take immediate remedial action to repair the damaged pipe as soon as they discover the leak. The cover under this section of the policy does not extend to cover the costs involved in the repairing of the pipe in question. These costs will be borne by the policyholder, failing which the insurer will not compensate the policyholder for the costs of the loss of water.
- The insurer will not cover water lost from leaking taps, geysers or toilets, swimming pools or leaks in their inlet or outlet pipes and leaks that happen when the private residence is unoccupied for more than 30 days.
- Compensation would be up to the limited reflected in the policy schedule;
- The policyholder can claim for a maximum two separate incidents of this kind in each 12-month period.

Cost of clearing debris after an insured event

The policyholder will be compensated for the reasonable costs of removing debris from the Home and Outbuildings and the grounds after loss or damage to the Household Goods caused by an Insured Event. The amount paid will not exceed the limit shown in the schedule.

Loss or damage from theft or attempted theft

From the Home and Outbuildings

The policyholder will be compensated for loss or damage to Household Goods caused by theft or attempted theft from

- The Home;

- The Outbuildings, only up to the limit shown in the schedule unless the insured can prove that there are visible signs of forced entry or exit;
- A building the insured is temporarily living in;
- A building the insured is employed in, only up to the limit shown in the schedule unless the insured can prove that there were visible signs of forced entry or exit. The insurer will not compensate the insured for theft or attempted theft of jewellery, watches, mobile communication equipment, ipods, laptops, palmtops, electronic notebooks and GPS devices from a building where the insured is employed;
- A commercial storage facility where the insured has deposited Household Goods for safekeeping or at any hotel, guesthouse, club or bank safe;
- Inside the building of a business where the insured's Household Goods are being made up, altered, renovated, repaired, cleaned or dyed, if there are visible signs of forced entry or exit, up to the limit shown in the schedule.

From the grounds of your Home and Outbuildings

The policyholder will be compensated up to the limit shown in the schedule for loss from theft of the following goods if they are stolen from the grounds of the insured's Home and Outbuildings:

- Laundry;
- Garden and swimming pool furniture and equipment, pool safety nets and covers.

While moving Household Goods to a new Home

The policyholder will be compensated up to the limit shown in the schedule for Household Goods for loss from theft, fire, collision or overturning of the vehicle while professional movers are moving them when the insured is permanently moving Home.



While you are transporting Household Goods

The insurer will compensate the policyholder up to the limit shown in the schedule for the following:

- Theft of Household Goods if they are being moved to or from a commercial storage facility or bank safety deposit facility;
- Theft of Household Goods if the insured is transporting the Household Goods to or from any place of purchase, repair or renovation. There must be visible signs of forced entry or exit from the vehicle;
- Loss or damage to the policyholder's Household Goods while he/she is taking them to or from any place of purchase, repair or renovation. The insurer will only compensate the insured if the loss or damage is caused during transit by fire, collision or the motor vehicle carrying the goods overturning.

Trauma counselling after a violent event

The policyholder will be compensated up to the limit shown in the schedule if he/she or their domestic staff requires professional counselling after being a victim of violent theft, attempted theft or hold up.

Loss or damage to the garden

The insurer compensates up to the limit shown in the schedule for the reasonable cost of replacing trees, shrubs and plants on the grounds of the Home and Outbuildings. Compensation is only for loss or damage caused by:

- Fire;
- Fire-fighting;
- Explosion;
- Impact by vehicles, aircraft, other aerial devices or other objects dropped from the air;
- Malicious damage.

There is no compensation if theft or attempted theft causes the loss or damage.

Loss of or damage to guests' property

The policyholder will be compensated up to the limit shown in the schedule for Household Goods and personal belongings of a guest living with the insured temporarily, if they do not have any other insurance.

To receive compensation, the insured event must have taken place at the Home and Outbuildings.

This excludes money and negotiable instruments (for example, cheques).

Loss of or damage to domestic staff's property

The policyholder will be compensated up to the limit shown in the schedule for Household Goods and personal belongings of the policyholder's domestic staff.

To receive compensation, the insured event must have taken place at the Home and Outbuildings.

This excludes money and negotiable instruments (for example, cheques).

Loss or damage to documents caused by an insured event

The policyholder will be compensated up to the limit shown in the schedule for the cost of materials and labour to replace personal documents lost or damaged by an insured event.

The insurer will not pay for the value that the insured attaches to the document's content.

Loss or damage to household goods in Outbuildings not made of brick, stone or concrete with slate, tile, metal, concrete or asbestos roof

The policyholder will be compensated up to the limit shown in the schedule for his/her Household Goods while in the Outbuildings which are not made of brick, stone or concrete with a slate, tile, metal, concrete or asbestos roof. Loss of damage caused by theft must have visible signs of forced entry or exit.

Employing a security guard

This cover will provide reasonable cost of employing a security guard in order to minimise loss due to theft. It is important to remember that the insurer will only pay for this if an insured event has been the cause of the loss or damage.

The insurer will only compensate the policyholder up to the limit reflected on the policy schedule.

Keys, locks and electronic security devices

The insurer will compensate the policyholder for reasonable costs to repair or replace lost or damaged:

- Keys, including card keys;
- Locks;
- Remote controls.

The insurer will only compensate up to the limit reflected on the schedule and only if the policyholder occupies the Home and Outbuildings and need these items for doors, windows, safes or alarms for that Home and Outbuildings.

Alternative accommodation and rent

This section refers to "not fit to live in", which means unfit for occupation due to the poor condition of the building due to an insured event. However, we know that the building section is covered for purely personal purposes and thus it needs to be established whether the damage is so severe that it is deemed not fit for human occupation.

This cover pays for the cost of alternative accommodation of similar value and location to the private home, if at the time the dwelling cannot be lived in as a result of damage by an insured event, for example, fire, storm or earthquake or if the policyholder had rented the property, the insurer would then compensate him for the rent that he/she would have to pay as the occupier of the Home or Outbuilding.



It is important to remember that the cover afforded is limited to 25% of the limit of compensation of the Household Goods. This compensation will be based on the period reasonably needed to make the Home and Outbuildings fit to live in again.

Medical and veterinary expenses

The policyholder will be compensated up to the limit shown in the schedule for medical and veterinary expenses for accidental bodily injury under the following circumstances:

- Domestic animal of the insured injures another person;
- Injury to a guest or visitor arising from any defect in the Home or Outbuildings;
- Injury to domestic staff while working for the insured;
- A road accident injury to a domestic animal owned by the insured

The policyholder will not be compensated if the injured person or animal is covered by any other insurance, including medical aid.

Accidental death from injury in the Home and Outbuildings

The policyholder will be compensated up to the limit shown in the schedule if he/she suffers an accidental bodily injury in the Home and Outbuildings and die within 90 days as a direct result of the injury.

There are different limits of compensation depending on the age of the insured.

Accidental damage to audiovisual equipment

The insurer will compensate the policyholder for accidental damage to any of the following Household Goods:

- Television sets, video recorders, decoders, satellite dishes or aerials;
- Sound reproduction equipment, DVD players including Blu-ray players;
- Proximas and multi-media projectors.

The policyholder will not be compensated for loss or damage to:

- Household Goods that are not in the Home and Outbuildings;
- Damage caused by mechanical or electric breakdown;
- Audiovisual equipment caused by power surges.

Accidental damage to glass

The policyholder will be compensated for accidental damage to mirrors or sheet glass in or on furniture or on an appliance.

Accidental spoiling of fridge and freezer contents

The insurer will compensate the insured up to the limit shown in the schedule for the accidental spoiling of the contents of fridges or freezers in the Home or Outbuilding of the insured, if the spoiling results from either:

- Breakdown or accidental damage to the fridge or freezer;
- Failure of the public power supply.

The policyholder will not be compensated for:

- Damage to fridges or freezers themselves;
- Spoiling that has happened because the policyholder has not paid for or bought sufficient power or fuel.

Accidental damage to domestic telephone instruments

The policyholder will be compensated up to the limit shown in the schedule for each domestic telephone instrument accidentally damaged in the Home and Outbuildings.

The policyholder will not be compensated for damage to:

- Cellular telephones;
- Mobile communication equipment.

Damage by wild baboons or wild monkeys

For those of us living on the urban edge, we can happily live in peace with baboons and monkeys, but it requires a conscious decision to live mindfully and to remember that these are intelligent opportunistic animals who are always on the lookout for an easy meal, be it food left in a dog’s bowl or waste from our wheelie-bins. The solutions to living in peace with baboons and monkeys are simple, yet many people seem reluctant to change their lifestyles and, as a result, millions of rands are spent each year dealing with baboons and monkeys.

When we live irresponsibly by not taking care of our refuse or leaving our windows open to allow access to our homes, this encourages familiarity. Baboons and monkeys who lose their fear of humans can become dangerous and will attempt to take food at all costs, including raiding homes and cars.



The insurer will compensate the policyholder up to the limit reflected on the policy schedule for loss or damage to the policyholder’s Household Goods inside the Home and Outbuildings caused by wild baboons or wild monkeys.

Householder’s Liability



It is important to remember that this cover is a premises risk cover and there is no cover for liability arising away from the home and outbuildings under this section and is automatically included

Liability as an occupant of the Home and Outbuilding

(An occupant is the owner who lives on the property)

This cover protects the insured if he/she or any member of the family is legally liable for accidental death, bodily injury or damage to property, which occurs at the private residence. For example, if the family dog injures the postman in the garden then the insured may be legally liable for any costs and expenses incurred by the injured person.

The compensation available under this section includes:

- The amounts the policyholder is liable for;
- Legal costs of the other person that the insured is liable for;
- Costs that are incurred, with the insurer's permission, to settle or defend a claim against the insured party.

The compensation limit is indicated on the schedule.

Liability as a tenant of the Home and Outbuildings

(A tenant is someone who rents the property from the owner)

The limit of compensation for this cover is shown on the policy schedule at the time of the loss, damage, bodily injury, illness or death. This amount applies to any single event or for a series of incidents that are the result of one event.

This section also includes cover for liability as a tenant of the home and outbuildings. Tenant's liability provides cover for damage to the home and outbuildings for which the tenant would be legally liable to replace in terms of the lease agreement between him/her and the owner of the building.

The compensation in respect of tenant's liability includes the following:

- The amounts the policyholder is liable for;
- Legal costs of the other person that the policyholder is liable for;
- Costs that are incurred, with the insurer's permission, to settle or defend a claim against the insured party.

What is not covered under the Householder's Liability

There are exclusions that apply to both occupant and tenant liability. Mutual & Federal does not compensate for liability:

- Claims by certain people:
 - The insured or any member of the family who normally lives with him/her;
 - Directors, members, trustees, beneficiaries and members of their families who normally live with them (if it is a company, close corporation or trust);
 - Employees, other than the domestic employees, acting in the course of their employment at the time of the event.

- Liability relating to property looked after or controlled by certain people:
 - The insured or any member of the family who normally lives with him/her;
 - Directors, members, trustees, beneficiaries and members of their families who normally live with them (if it is a company, close corporation or trust);
 - Employees acting in the course of their employment at the time of the event.

- Liability not related to you being an occupant or tenant of the Home and Outbuilding:
 - The insured's employment, business or profession;
 - The insured's ownership, occupation or renting of land or buildings other than the home and outbuildings insured under this section;
 - Aircraft, vehicles or watercraft that the insured or his/her domestic employees own, look after or control.

- Liability related to support of property.
 - We do not compensate for liability related to the vibration, removal, weakening or interference with the support of any land, building or other property.

Optional cover



Optional cover is when additional cover is granted and must be stated in the schedule. The selection of additional cover means that there will be an additional premium due for this cover.

There are two types of optional cover that are available under this section as follows:

- Additional Accidental Damage;
- Limited Household Goods insurance.

Additional Accidental Damage (Optional)

(Limit of cover available – in excess of the automatic R10 000 cover)

UP to 250 000

There is a variety of limits available and if this cover is selected then the relevant limit will reflect in the policy schedule. **Included in the accidental damage cover is damage caused by power surges.** There is an excess in the schedule for this cover. This is the amount that the insured must pay before the insurer compensates them.

Mutual & Federal does not compensate for loss or damage caused by:

- Wear and tear, rust, mildew, corrosion or decay;
- Depreciation or any gradual operating cause, process of dyeing, cleaning or renovating;
- The action of light or climatic condition;
- Electronic, electrical or mechanical breakdown, breakage or failure;
- Over winding of items such as clocks;
- Cracking, scratching, denting or chipping of furniture, glass, glassware, jewellery or other brittle articles;
- Confiscation or detention by any process of law;
- Consequential damage of any nature.

We do not compensate you for loss of or damage to:

- Garden equipment, furniture or tools, equipment for a pool or a pond;
- Sporting equipment if it was damaged whilst in use;
- Firearms;
- Portable computer equipment, cellular phones, mobile communication equipment, hand-held portable telephones, videos, audio tapes, compact discs and DVDs;
- Personal belongings;
- Items covered by any manufacturer's guarantee, purchase agreement or service contract.

Limited Household Goods insurance (Optional)

Up to 250 000



An indication would be shown on the policy schedule to specify what household goods cover was selected and it would either be full insurance for household goods or limited insurance.

If limited insurance is selected then compensation only covers the following losses or damage:

- Goods in the specified home and outbuilding up to the limit shown in the schedule;
- Business goods and equipment up to the limit shown in the schedule;
- Loss or damage by insured events;
- Fire brigade charges;
- Loss of water by leaking;
- Cost of cleaning debris after an insured event;
- Householder's liability.

If the limited cover is selected the insured will not be insured for any other events or items listed under the heading 'Other loss or damage' and 'Loss or damage from theft or attempted theft'.

Comparison between full cover and limited cover

Full cover	Limited cover
Fire, explosion and lightning	Included
Malicious damage	Included
Storm, flood, wind, water, hail or snow	Included
Earthquake	Included
Bursting, leaking or overflowing of pipes, water apparatus or oil-fired heating apparatus.	Included
Loss of or damage to Household Goods caused by impact to the Home and Outbuildings	Included
Gradual sinking of land (subsidence), and landslip of the land supporting the Home and Outbuilding	Included
We compensate you for loss or damage to your Household Goods caused by any insured event excluding theft or attempted theft	Included
Fire brigade charges	Included
Loss of water by leaking	Included
Cost of clearing debris after an insured event	Included
Loss or damage from theft or attempted theft	Excluded
Accidental damage including power surge	Excluded
From the grounds of your Home and Outbuildings	Excluded
While moving Household Goods to a new Home	Excluded
While you are transporting Household Goods	Excluded
Trauma counselling after a violent event	Excluded
Loss or damage to the garden	Excluded
Loss of or damage to guests' property	Excluded
Loss of or damage to domestic Staff's property	Excluded
Loss or damage to documents caused by an Insured event	Excluded
Loss or damage to Household Goods in Outbuildings not made of brick, stone or concrete with slate, tile, metal, concrete or asbestos roof	Excluded
Employing a security guard	Excluded
Keys, locks and electronic security devices	Excluded
Alternative accommodation and rent	Excluded
Full cover	Limited cover
Medical and veterinary expenses	Excluded

Accidental death from injury in the Home and Outbuilding	Excluded
Accidental damage to audio-visual equipment	Excluded
Accidental damage to glass	Excluded
Accidental spoiling of fridge and freezer contents	Excluded
Full cover	Limited cover
Accidental damage to domestic telephone instruments	Excluded
Damage by wild baboons or wild monkeys	Excluded
Householder's Liability	Included
Additional Accidental damage (optional)	Excluded

4.4 What we do not insure (exclusions)



Exclusions in the policy free an insurer of liability for property not intended to be covered.

In terms of the policy wording the following are not compensated for:

- **Theft of money and negotiable instruments** except from the home and outbuildings. (A negotiable instruction is a document guaranteeing the payment of a specific amount of money, either on demand or at a set time, without conditions, in addition to payment imposed on the payer. Cheques or promissory notes are common examples.) Proof must be provided of visible signs of forced entry or exit.
- Theft or attempted theft from the home and outbuildings while lent, let or sub-let, unless there are visible signs of forced entry or exit from the home and outbuildings.
- Theft or attempted theft from the home and outbuildings while on show, unless there are visible signs of forced entry or exit from the home and outbuildings.
- Loss of or injury to, animals other than that specifically described in this section.
- Loss of or damage to:
 - More than one gold coin, stamp and coin collections;
 - Cell phones;

- Motor vehicles including their fitted accessories;
- Caravans and trailers including their fitted accessories;
- Air or watercraft and their fitted accessories and equipment (not a surfboard or paddle ski).
- Wear and tear , rust , mildew , corrosion or decay
- Depreciation or any gradual operating cause
- Action of light or climatic conditions
- Electronic, electrical or mechanical breakdown , breakage or failure
- Stock-in-trade that the insured owns or is responsible for
- Loss of or damage to household goods that are more specifically insured elsewhere in the policy.
- Loss of or damage or breakage covered by a manufacturers purchase agreement
- Loss or damage by theft or attempted theft whilst the home is undergoing renovations or structural alterations

4.5 Compensation

How we compensate you

The insurer has the following options:

- Paying the costs of the loss or damage
- Replacing whatever is lost or damaged
- Repairing whatever is damaged



The compensation will be based on the replacement value of similar new goods at the time of the loss or damage. The limit of compensation is shown in the policy schedule.

Limit of compensation

- The policy schedule shows the limits of compensation of each event or item insured;
- For claims for loss of or damage to precious metals and stones, jewellery, watches, furs, paintings, rugs and carpets, only up to one-third of the limit of compensation for household goods is compensated.

Excess

An excess is the first amount payable by the insured party which he/she will be expected to pay in the event of a claim.

The excess amount is shown in the policy schedule for this section. There is no excess applicable for Householder’s liability.

Make sure you are not under-insured

All household goods insurance is provided on the basis of new for old. In other words, the insurer will pay out what it would cost to replace the insured item at current prices rather than what it originally cost to purchase.

The difference is calculated in this way:

The difference between the replacement value and the insured amount is calculated and applied proportionately to the claim. The client then becomes responsible for the difference.



It is the policyholder’s responsibility to insure their household goods for the replacement value.

4.6 Special conditions



Special conditions only apply to the section in which they are stated. These override general conditions, but only for the section of the policy where those special conditions appear.

The insured must give proof of ownership

There are times when the insurer will request acceptable proof of ownership and the value of an item.

Acceptable means:

- Good enough to be used for a particular purpose; or
- To be considered satisfactory; or

- An agreement which is acceptable to all sides.

Examples of acceptable proof would be valuation certificates, invoices etc.

The insured must give proof of valuation of jewellery and watches

The insured is expected to produce a professional valuation at claim stage for all insured jewellery and watches. It is important to note that the valuation certificate must be dated prior to the date of loss or damage.

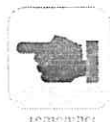


If the insured is not in possession of a professional valuation then the claim will be limited per item to the amount shown in the policy schedule.

Jewellery and watches must be kept in a safe



Jewellery and watches over a certain value must be kept in a safe while not worn. The term for this is safe warranty limit and this limit is stated in the policy schedule. The safe must be a securely locked wall-or floor-mounted safe. The keys to the safe must also be kept away, secured and hidden from sight.



If the jewellery and watches are not worn and a loss occurs as a result of theft or attempted theft and it is found that the items were not locked away, then the insured will not be compensated for more than the safe warranty limit.

Pairs and sets

This limits the insurer’s compensation to pay only for the item that has been lost or damaged and not the whole set and excludes the drop in value of the set, owing to the loss or part of it.

The condition clearly states that the insurer will only compensate the insured for the proportionate value of the part of the set that is lost or damaged.

Security measures

Burglar bars: This condition states that if the policy schedule reflects that the insured premises were fitted with burglar bars on all opening windows then the insurer will compensate the insured for theft or attempted theft only if at the time of the loss the burglar bars were fitted.

Security gate: This condition states that if the policy schedule reflects that the insured premises were fitted with security gates then the insurer will compensate the insured for theft or attempted theft only if at the time of the loss the security gates were fitted and if the premises were unattended the gates and premises were locked.

Tell us if you are away for more than 60 days

The insured is required to notify the insurer if the home and outbuildings are unoccupied for more than 60 consecutive days in any 12-month period. This would have an impact on the risk and therefore the premium, terms, conditions and exclusions can be amended by the insurer.

It is important to note that if only the outbuilding is occupied then the insurer will not consider the home and outbuildings as occupied.

In the event of the insured not advising the insurer that the premises are unoccupied for more than 60 consecutive days, it would have an impact following a claim and the claim could be rejected.

Surveys

We may ask a surveyor to survey your home and outbuildings at any time. Based on the outcome of the survey, we may immediately do one of the following:

- Change the terms, conditions and exclusions of your insurance
- Cancel your insurance
- Treat your insurance as null and void

Underwriting Rules



There are specific rules which have to be adhered to with regard to the insurance of household goods. These are the following:

Construction of the private residence

- The exterior walls must be constructed of brick, stone or concrete and be roofed with slate, tiles, metal, concrete, concrete fibre sheeting or asbestos.
- Thatch roofing and any other non-standard construction must be referred. The reason for this is that decisions need to be made as to whether or not MUTUAL & FEDERAL would want to accept the risk and any conditions that may be imposed as a result of the construction of the risk.
 - If the lapa is immediately adjacent or in proximity of the main dwelling and the roof area is less than 15% then this is classified as the same construction as the main house.
 - Should the thatched roof of the lapa be larger than 15% of the roof area and closer than 4m from the dwelling, then both the dwelling and the lapa will be regarded as thatch roofed.
 - Should the lapa be further than 4m from the dwelling then risks are classified separately
- Where buildings are roofed with thatch an SABS approved lightning mast may be required and if so, the Lightning Mast Warranty will apply.
- Certain areas within the Western Cape do not require lightning conductors. These areas have been built into the system. For clarification on the areas, contact Personal Technical Division.

Security measures

Burglar Bars

The private residence must have burglar bars on opening windows unless:

- The private residence is a flat situated above 1st floor and there is controlled access to the building (must be a security guard), or
- The residence is in an approved security complex with security guards, access control, 1.8m electric fencing, gates or booms (access control is defined as having guards controlling the access) or
- The residence is protected with an approved alarm system linked to a 24-hour control room with armed response.



Where there is ongoing construction within a security complex, the risk may not be regarded as a security complex until the construction has been completed.

If the alarm is a non-approved alarm, no discount will apply and the alarm warranty will not apply.

Burglar Alarm information

Information regarding an alarm at the risk address to be amended as follows:-

The question related to "Does your home have an alarm" will remain on the TIA / MF online system. The user must select either "Yes" or "No" depending on the information given.

If user selects "No" and the sum insured dictates that an alarm should be installed, then a clause will attach to the risk address imposing an additional excess in the event of a loss, as a result of theft and/or any attempt thereat, due to ineffective security.

If user selects "Yes", the service provider information would need to be either selected or inputted on the system. Irrespective of the service provider details, the user has the option of selecting either "Yes" or "No" to the question "Should an alarm discount be applied."

If "No" selected, then no further action is required and details of Alarm Company to reflected on policy schedule and no additional requirements or clauses to apply.

If "Yes" selected, then the "Alarm warranty" clause will automatically attach, and will reflect on the policy schedule, which reads as follows:-

Burglar alarm warranty

You warrant that the Home is protected by an alarm system:

We will compensate you for theft or attempted theft only if at the time of the theft or attempted theft all the following conditions are met:

- the alarm system is installed;
- the alarm system is in working order;
- If your main Home is left unattended, the alarm is armed for the entire Home and Outbuilding and none of the 'passive infrared motion detectors' of the alarm system are obstructed or bypassed.

In the event of a loss, if you do not comply with this warranty an additional first amount payable of 10% of the claim will apply.

We do not consider occupation of an outbuilding to be occupation of the Home.

Surveys

There are certain times when the insurer would require a survey to be carried out on the insured premises, such as the following examples:

- If the residence has suffered more than three (3) theft/storm claims in the last five (5) years;
- Following a loss;
- The residence is on a small holding/plot;
- The limit of compensation for Household Goods exceeds R1,000,000;

- Main construction is not brick, stone or concrete with slate, tiles, concrete, asbestos or metal roof;
- Where the residence is situated within 500 metres of water i.e. dam, rivers, canals etc.;
- In any other instance where required by Mutual & Federal.

Where surveys are deemed necessary on existing policies or following a loss and/or occurrence, the Business Development Consultant must be advised to inform the broker of the pending survey.

If additional protections are required, the policyholder must be given 30 days written notice to implement additional protections. He/she must be advised that, if the protections are not implemented, punitive terms and conditions will apply. These need to be specifically mentioned.

Actions such as the following can be taken:

- Change the terms, conditions and exclusions of the policy;
- Cancel the policy;
- Treat the policy as null and void.

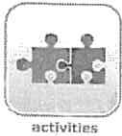
Risks that need to be referred for authorisation

- A residence located in a dolomite area (no subsidence cover to be provided in these areas until a geotechnical report has been done and accepted by Mutual & Federal);
- Non-standard construction of both roof and walls;
- Residences situated on small holdings;
- A residence unoccupied for 60 or more days per year;
- Premises for hire;
- Sum insured over the limit of R20, 000,000;
- Holiday home;
- A residence which is within 500 meters of water;
- Roof constructed of shingles;
- Vacant property

Declined risks

Certain areas/properties cannot be insured by the insurer. These are:

- Communes;
- Mobile park homes;
- Caravans
- Properties under construction;



ACTIVITIES

Activity 1

The policyholders were woken up in the middle of the night by a noise in their lounge area. On investigation they found two cats, which do not belong to them, fighting in their lounge. After removing the cats from their house they found that the cats had damaged the curtains, scatter cushions, as well as scratched and torn their lounge suite.

Would this damage be covered in terms of the policy wording and, if so, why?

Activity 2

The insured was busy working on his motor vehicle when a SMS came through on his cell phone. After checking the message he placed the cell phone on a ledge in his garage and continued working until he was finished. After a while, the insured remembered that he had left his cell phone in the garage and went to retrieve it. The cell phone was no longer in the garage.

Would the insured be able to claim under the Household Goods section for the loss of the cell phone and, if so, why?

Activity 3

The insured selected limited insurance cover as shown on her policy schedule. She then decided to transport her 51 inch Plasma television for a quotation for repairs to be carried out. On the way to the repairers she was involved in a collision and the television was damaged.

Would there be cover in terms of the policy wording and why?

Activity 4

The policyholder is in the process of selling her residence. She has placed the property with a recognised estate agent, who puts the house on show on a Sunday afternoon. On Monday morning when the policyholder is getting dressed for work she finds that her pearl necklace that was kept in a jewellery box in her cupboard is missing.

Can the insured claim under this section of the policy for the loss of the pearl necklace?

Activity 5

The insured had a large shed in which he stored his speed boat, together with its accessories, as well as a paddle ski and surfboard. A light aircraft crashed into the shed, damaging the shed and its contents.

What would be covered under the Household Goods section of the policy?



Summary

This learning unit covered the most important aspects of insuring household goods on behalf of a client. It addressed the parties who can be covered; the cover that can be provided; and the exclusions and terms and conditions of the policy section addressing household goods.

A list of insured events and additional benefits has been provided and the issue of an insured's liability has been dealt with.

The manner in which compensation takes place, as well as when full compensation is in question, has been explained.



Notes

Learning Unit 5: Personal Liability



learning outcomes

Learning Outcomes

Upon completion of this learning unit, it is expected that you will be able to:

- Understand and provide definitions for terminology
- List who we insure under this section
- Describe what we insure under this section
- Identify what we do not insure (exclusions) under the Personal Liability section

