



ASIC

Australian Securities & Investments Commission



S02586099

INFRINGEMENT NOTICE

Section 12GXA of the *Australian Securities and Investments Commission Act 2001*

Day of issue: 6 November 2017

Unique identification code: S02586099

TO: AAI Limited trading as AAMI (AAMI)

ACN 005 297 807

Level 28, 266 George Street

Brisbane QLD 4000

1. ASIC issues this infringement notice under section 12GXA of the *Australian Securities and Investments Commission Act 2001* (ASIC Act).
2. ASIC has reasonable grounds to believe that, in the period 7 November 2016 to 19 July 2017 (**the Relevant Period**) you contravened section 12DB(1)(e) of the ASIC Act in trade or commerce, in connection with the supply or possible supply of financial services, or in connection with the promotion by any means of the supply or use of financial services, making false or misleading representations that services have particular benefits.

Particulars

During the Relevant Period, the AAMI Complete Replacement Cover product (the **Product**) was advertised online via the following page on AAMI's website: <https://www.aami.com.au/home-insurance/building.html> (**Home Building Product Webpage**). The Home Building Product Webpage contained the following statement about the Product:

Wait, there's more!

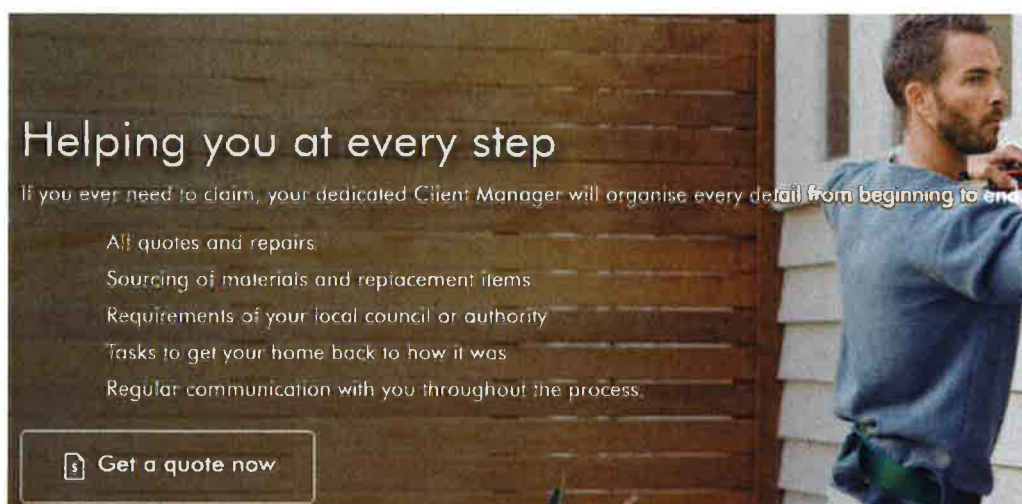
Optional extra



Complete Replacement Cover

Our best protection against underinsurance. With no set limit, we cover the rebuilding of your home, no matter the cost to us.

The Home Building Product Webpage also contained the following statements:



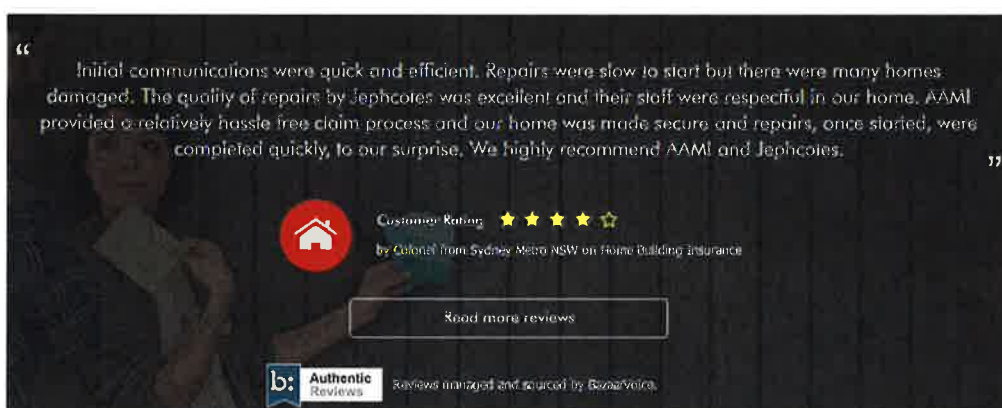
Helping you at every step

If you ever need to claim, your dedicated Client Manager will organise every detail from beginning to end.

- All quotes and repairs
- Sourcing of materials and replacement items
- Requirements of your local council or authority
- Tasks to get your home back to how it was
- Regular communication with you throughout the process.

[Get a quote now](#)

and:



“ Initial communications were quick and efficient. Repairs were slow to start but there were many homes damaged. The quality of repairs by Jephcoles was excellent and their staff were respectful in our home. AAMI provided a relatively hassle free claim process and our home was made secure and repairs, once started, were completed quickly, to our surprise. We highly recommend AAMI and Jephcoles. ”

Customer Rating ★★★★★
by Colonel from Sydney Metro NSW on Home Building Insurance

[Read more reviews](#)

b: Authentic Reviews Reviews managed and sourced by BezoarVoice.

Together, those statements represented that AAMI would repair or rebuild the insured house, no matter the cost to AAMI (**the Representation**).

The Representation was misleading because it gave the impression that AAMI would itself take the necessary steps to repair or rebuild a home when a claim was made and the Home Building Product Webpage did not disclose that AAMI, under the terms of its insurance, could choose whether to organise and pay for a repair or rebuild of the insured house, or to pay the cost of repairing or rebuilding the house to the insured.

Penalty under this notice

3. The penalty payable under this notice in relation to the alleged contravention is \$10,800.00.

This penalty is payable to ASIC on behalf of the Commonwealth.

This penalty can be paid using one of the methods detailed in the enclosed invoice.

Consequences of complying with this notice

4. If you pay the penalty stated in this notice within the time for payment mentioned below then (unless this notice is subsequently withdrawn and any penalty paid refunded):
 - (a) no proceedings (whether criminal or civil) will be brought against you by the Commonwealth or ASIC for the alleged contravention of the infringement notice provision or an offence constituted by the same conduct; and
 - (b) you will not be regarded as having contravened the infringement notice provision or having been convicted of an offence constituted by the same conduct.

Consequences of failing to comply with this notice

5. If you do not pay the penalty specified in this notice within the time for payment mentioned below, and the notice is not withdrawn, the Commonwealth or ASIC may bring proceedings under Subdivision G of Division 2 of Part 2 the consumer protection provisions of the ASIC Act (whether criminal or civil) against you for the alleged contravention of the infringement notice provision or offence constituted by the same conduct.
6. The maximum pecuniary penalty that a court may order you to pay for the alleged contravention is \$1,800,000.00.

Time for payment

7. The time for payment is:
 - (a) within 28 days after the day on which the notice is issued to you; or
 - (b) if ASIC extends, by notice in writing the compliance period for this notice, within that further period allowed.

Applying for more time to pay the penalty under this notice

8. ASIC may extend the compliance period for this infringement notice if ASIC is satisfied that it is appropriate to do so. The extension must not be for longer than 28 days.
9. If you wish to apply for an extension of time to pay the penalty specified in this notice, you should do so in writing within 28 days after the day the notice is issued to you (see paragraph 15).

Applying to have this notice withdrawn

10. Within 28 days after the day on which this notice is issued, you may apply to ASIC in writing to have this notice withdrawn.

11. Evidence or information that you or your representative gives to ASIC in the course of applying for this notice to be withdrawn is not admissible in evidence against you or your representative in any proceedings (other than proceedings for an offence based on the evidence or information being false or misleading).

Withdrawal of this notice

12. ASIC may, by written notice given to you, withdraw this infringement notice if ASIC is satisfied that it is appropriate to do so, whether or not you have applied to have this notice withdrawn.
13. A withdrawal notice must be given to you within the time for payment of this infringement notice to be effective.
14. If the withdrawal notice is given after you have paid the penalty specified in this infringement notice, ASIC will refund to you the amount paid under the infringement notice.

Requirements for applications

15. An application to have this notice withdrawn, or for more time to pay the penalty under this notice:
 - (a) must be in writing; and
 - (b) must include the unique identification code set out at the top of this notice; and
 - (c) must include your reasons for making the application; and
 - (d) may be made by forwarding your application to ASIC at the address in paragraph 16.
16. You may contact ASIC in relation to this notice by contacting:

Katie Loizou
Australian Securities and Investments Commission
GPO Box 9827
Sydney NSW 2001
Or by facsimile: 02 9911 2414
or by email: ACLInfringementNotices@asic.gov.au



Peter Kell
as a delegate of the Australian Securities and Investments Commission