

Essentials by AAI

Premiums, Excesses, Discounts and Claim Payments Guide

Your guide to Premiums, Excesses, Discounts and Claim Payments

The Premiums, Excesses, Discounts and Claim Payments Guide (**PED Guide**) is designed to provide you with additional information about how we calculate premiums and determine excesses and discounts and pay claims under the policy. You should read this PED Guide together with our Essentials by AAI Product Disclosure Statement (**PDS**) dated 31/07/15.

This PED Guide is relevant to you if your policy has a commencement date on or a renewal effective date on or after 04/09/2017.

About your premium

Your premium is the amount you pay us for this insurance. It reflects what we consider is the likelihood of you making a claim, other factors related to our cost of doing business and any discounts we give you, as well as any applicable stamp duty, goods and services tax (GST), charge and levy. Your certificate of insurance will show you how much you have to pay.

When we calculate your premium there are a range of factors we take into account. The importance we place on the factors we use can change and how these factors combine to affect your premium will differ from person to person.

Each time you renew your insurance your premium is likely to change, even if your personal circumstances have not changed. This is because the premium you pay is also affected by other things including:

- The cost of claims we have paid to other customers and claims we expect to pay in the future;
- New and updated data we use to calculate your premium;
- Changes in government taxes and any state or territory duties or levies;
- Our expenses of doing business;
- Other commercial factors.

When determining your renewal premium, we also consider how much you paid previously. As such we may limit movements up or down.

For contents insurance

Significant factors affecting your premium may include a combination of some or all of the following:

Factor
Address of the building and/or unit
Level of cover selected
Characteristics of the building and/or unit where your contents are kept
How the building and/or unit is occupied

For car insurance

Significant factors affecting your premium may include a combination of some or all of the following:

Factor
Level of cover selected
Where the car is usually kept overnight
The age of the youngest driver
Details about the car you are insuring

Paying by instalments

Your premium won't change if you choose to pay by instalments, rather than annually.

Premium discounts

There are no standard discounts available under this product.

From time to time we might also offer discounts or some other special offer as part of a marketing campaign. If we do this, separate terms and conditions will usually apply. The amount and type of discounts that may be offered can change or be withdrawn.

Government taxes and charges

After we have calculated the amount to cover your contents and/or car insurance policy any applicable stamp duty, GST, charge and levy are then applied.

Your excesses

The excesses that apply to your policy are stated on your certificate of insurance. The different types of excesses are:

Standard excess

The standard excess for contents cover is \$100.

The standard excess for car cover is \$300.

We will tell you at the time of lodging your claim if you need to pay the standard excess. The standard excess will not apply to the first 2 contents claims or the first 2 car claims you make in any one period of insurance, for each level of cover you have purchased.

Additional excess

If you have claimed 3 times on the one level of cover in any one period of insurance then we may apply an additional excess to your policy upon renewal that will be applicable every time you make a claim.

This excess is payable in addition to any other excess unless stated otherwise in the PDS or your certificate of insurance. This excess may apply to contents and/or car claims.

Age excess

If the driver is under 25 years of age and listed on your certificate of insurance, the age excess that applies is \$300. If the driver is under 25 years of age and not listed on your certificate of insurance, the age excess that applies is \$600. If the driver is a learner driver, the age excess that applies is as if the learner driver was listed on your certificate of insurance.

Note:

- Learner drivers are not required to be listed on the policy.
- The age excess will not apply if, at the time of the incident, the person in control of the car was being paid for a service, i.e. where the car was being serviced or test driven, or driven by a car park attendant or a valet.

Inexperienced driver excess

If the driver is 25 years of age or over and has held their driving licence for less than two years and they are listed on your certificate of insurance, the inexperienced driver excess that applies is \$300. If the driver is 25 years of age or over and has held their driving licence for less than two years and they are not listed on your certificate of insurance, the inexperienced driver excess that applies is \$600. If the driver is a learner driver, the inexperienced driver excess that applies is as if the learner driver was listed on your certificate of insurance.

Note:

- Learner drivers are not required to be listed on the policy.
- The inexperienced driver excess will not apply if, at the time of the incident, the person in control of the car was being paid for a service, i.e. where the car was being serviced or test driven, or driven by a car park attendant or valet.

Unlisted driver excess

The unlisted driver excess is \$300.

Note:

- Learner drivers are not required to be listed on the policy.

Windscreen and window glass excess

The windscreen and window glass excess is \$100.

Claim payments

The following examples are designed to illustrate how a claim payment might typically be calculated. The examples do not cover all scenarios or all benefits and do not form part of your policy terms and conditions. They are a guide only. AAI always determines real claim payments on an individual basis, after we have assessed each claim. You should read the PDS and your certificate of insurance for full details of what we cover as well as what policy limits, excesses, conditions and exclusions apply.

Notes about these claim payment examples:

- all amounts are shown in Australian dollars and are GST inclusive;
- all examples assume that you are not registered for GST;
- all car insurance examples assume that your car is not under finance;
- when you make a claim we will choose whether to deduct the applicable excesses from the amount we pay you or direct you to pay the excesses to us or to the appointed repairer or supplier. If you are unable to pay your excess in full due to your financial circumstances, you can ask us to consider your situation. Please see www.essentialsbyaai.com.au for further information.

Contents insurance claim examples

Example 1 – Total loss

You have ContentsPlus which provides cover for insured contents items for up to \$20,000. Unfortunately, there has been an electrical fault at your home causing the building to catch fire and all of your insured contents items are destroyed. There is a standard excess of \$100 if you make 3 or more contents claims in any one period of insurance. This is your first claim since taking out your policy 6 months ago.

How much we pay		Additional information
ContentsPlus sum insured	\$20,000	We are satisfied with the information you have provided us about the insured contents items you have lost in the fire. We determine what insured contents items we will cash settle and what insured contents items we will replace through our suppliers.
Less excess payable	\$0	The standard excess is not payable as this is the first contents claim made on the policy in the period of insurance.
Total claim amount paid	\$20,000	

Example 2 - Partial loss - Theft of insured contents items

You have ContentsCover which provides cover for insured contents items for up to \$10,000. While you are out one evening your home is broken into and your television, laptop, game console and \$200 in cash are stolen. There is a standard excess of \$100 if you make 3 or more contents claims in any one period of insurance. This is your second contents claim in the current period of insurance.

How much we pay		Additional information
Television	\$1,000	Your television is an insured contents item covered under the item type 'Home entertainment'. Although the actual cost to replace your television is \$1,200, the most you can claim under 'Home entertainment' is up to \$1,000 in total per incident.
Cost to replace your laptop	\$850	Your laptop is an insured contents item covered under the item type 'Electronics'. The limit that applies under your policy for this item type is \$2,000 in total per incident. It will cost \$850 to replace your laptop.
Cost to replace your game console	\$500	Your game console is also an insured contents item covered under the item type 'Electronics'. After paying to replace the laptop there is still up to \$1,150 available for this item type for this incident so you are also able to claim for your game console. It will cost \$500 to replace your game console.
Cash	\$0	Cash is not an insured contents item under this policy therefore there is no cover for the \$200 cash that was stolen.
Less excess payable	\$0	The standard excess is not payable as this is the second contents claim made on your policy in the period of insurance.
Total claim amount paid	\$2,350	

Example 3 – Partial loss – Spoiled food and Motor burnout

You have ContentsCover which provides cover for insured contents items up to \$10,000. Your 12 year old fridge/freezer has broken down and the repairer's report confirms that the motor has burnt out. The spoiled food that needs to be thrown out cost you \$180. The fridge/freezer has a smell of rotten food which cannot be removed. There is a standard excess of \$100 if you make 3 or more contents claims in any one period of insurance. This is your third contents claim in the current period of insurance.

How much we pay		Additional information
Cost to replace food	\$180	We cover the cost to replace your food under the additional feature 'Food and medication spoilage' up to \$200. We will pay the food spoilage portion of your claim to you.
Cost to replace the motor	\$400	We cover the cost to either replace or repair the motor only in the fridge/freezer under the insured event 'Motor burnout'. In this case the motor requires replacement. We will pay you for the cost of the motor. The defrosted food juices have leaked into the fridge/freezer liner which will need to be replaced. However, loss or damage to the fridge or freezer caused by spoiled food is not covered under the insured event 'Motor burnout'. In addition, consequential losses (such as the cost of cleaning the rotten food smell) are also specifically excluded under this policy.
Less excess payable	\$100	No excess applies to a claim made under the additional feature 'Food and medication spoilage', but the standard excess applies to your claim for the burn out of the fridge motor since this is your third contents claim in the period of insurance.
Total claim amount paid	\$480	

Example 4 – Personal Legal Liability cover

You have ContentsCover which provides you with legal liability cover, up to \$20 million for any one incident. While riding a pushbike along the road, your son who lives with you accidentally rode into a parked car causing damage and scratches to the paintwork of the car and we or a court decide your son is liable. The cost to repair the damage to the vehicle is \$2,000. There is a standard excess of \$100 if you make 3 or more contents claims in any one period of insurance. This is your first contents claim in the current period of insurance.

How much we pay		Additional information
Repair to the vehicle	\$2,000	This amount is paid to the owner of the damaged vehicle, as we agree that your son is liable.
Less excess payable	\$0	The standard excess is not payable as this is the first contents claim made on the policy in the period of insurance.
Total claim amount paid	\$2,000	

Car insurance claim examples

Example 1 - Total loss

Your car is insured under the CarCover level of cover for up to \$3,000 or market value whichever is lesser. Your car is damaged by hail and we assess that the cost of repairs to your car will be \$3,500, while the market value of your car at the time of loss is \$2,800. Based on what it would cost us to repair your car, we determine it is a total loss. A standard excess of \$300 applies if you make 3 or more car claims on a level of cover in any one period of insurance. This is your first car claim in the current period of insurance.

How much we pay		Additional information
Amount covered	\$2,800	The market value of your car at the time of loss is determined to be \$2,800. As the market value is deemed to be less than the car sum insured under CarCover this is the value that is used when calculating the total amount payable for your claim.
Less excess payable	\$0	The standard excess is not payable as this is the first car claim made on the policy in the period of insurance.
Where applicable, less any registration and Compulsory Third Party (CTP) refund	\$0	This example is based on the car being registered in Queensland. For Queensland registered cars, the unused CTP or registration is not deducted from your settlement. However, if your car was registered in New South Wales, AAI would retain the unexpired portion of your car's registration and Compulsory Third Party (CTP) insurance - and you'd be free to collect those amounts from the NSW Roads and Maritime Services (RMS) and your CTP insurer directly.
Your premium was paid by fortnightly payments of \$5 via Centrepay and there are ten fortnightly payments remaining in the period of insurance when your car is damaged:		
Less outstanding premium	\$50	The ten x \$5 fortnightly payments become due when we decide your car is a total loss. We normally deduct this from the amount we pay to you.
Total claim amount paid	\$2,750	

Once we settle the claim, all cover on your car stops, and your level of cover ends. The salvage becomes our property and we are entitled to keep the proceeds of its sale. This does not affect the amount we pay you.

Example 2 – Total loss of an underinsured car

Your car has a market value of \$8,000 and is insured under the CarPlus level of cover for up to \$5,000 or market value whichever is lesser. Your car is stolen and you report this to the police and to us. Your car is found within 7 days of being stolen and we are satisfied that your claim is in order. We determine it is a total loss. A standard excess of \$300 applies if you make 3 or more car claims on a level of cover in any one period of insurance. This is your third car claim in the current period of insurance.

How much we pay		Additional information
Amount covered	\$5,000	We use the CarPlus sum insured amount of \$5,000 when calculating the total amount payable for your claim as the market value of your car at the time of loss is determined to be \$8,000.
Less excess payable	\$300	The standard excess is payable as this is the third car claim made on the policy in the period of insurance.
Where applicable, less any registration and Compulsory Third Party (CTP) refund	\$0	This example is based on the car being registered in Queensland. For Queensland registered cars, the unused CTP or registration is not deducted from your settlement. However, if your car was registered in New South Wales, AAI would retain the unexpired portion of your car's registration and Compulsory Third Party (CTP) insurance – and you'd be free to collect those amounts from the NSW Roads and Maritime Services (RMS) and your CTP insurer directly.
Your premium was paid by fortnightly payments of \$5 via Centrepay and there are two fortnightly payments remaining in the period of insurance when your car is stolen:		
Less outstanding premium	\$10	The two x \$5 fortnightly payments become due when we decide your car is a total loss. We normally deduct this from the amount we pay to you.
Because the market value of your car is greater than the sum insured amount offered under the CarPlus level of cover your car is underinsured and you are out of pocket by \$3,310. When your car is underinsured we allow you to keep the car salvage to offset your loss.		
Total claim amount paid	\$4,690	

Once we settle the claim, all cover on your car stops, and your level of cover ends.

Example 3 - Partial loss

Your car is insured under the CarPlus level of cover for up to \$5,000 or market value whichever is lesser. Your partner, who is not a listed driver on your policy, is involved in a minor accident. The driver of the other car is determined to have been at fault and you can give us their registration details. Your car is still safe to drive and we assess that the cost of repairs to your car will be \$2,500, while the market value of your car at the time of loss is \$5,200. We decide to repair your car and estimate it will take five days to repair. There is a standard excess of \$300 if you make 3 or more car claims on a level of cover in any one period of insurance. This is your first car claim in the current period of insurance. There is also an unlisted driver excess of \$300.

How much we pay		Additional information
Damage to car	\$2,500	We decide your car is repairable.
Less excess payable	\$0 \$0	The standard excess is not payable as the driver of the other car was determined to be at fault. Because your partner was not listed as a driver for your car the 'Unlisted driver excess' of \$300 would apply. Where we have determined that the driver of the other car is at fault and you are able to provide the required details of that driver the excess is no longer applicable.
Total claim amount paid	\$2,500	We normally pay this directly to the repairer.

Example 4 - Windscreen loss

Your car is insured under the CarCover level of cover for up to \$3,000 or market value whichever is lesser. Your windscreen has been damaged by a stone from loose gravel whilst you were driving and needs to be replaced. There is no other damage to your car. It will cost \$400 to replace the windscreen.

How much we pay		Additional information
Replacement windscreen	\$400	The windscreen provider has invoiced us. We will pay them.
Less excess payable	\$100	A \$100 excess applies for all windscreen or window glass damage when this is the only damage you are claiming for.
Total claim amount paid	\$300	

Example 5 - Legal liability

You own two cars (a Holden and a Ford) and have insured both cars on the one policy, choosing the CarPlus level of cover for each car. You are 23 years of age and a listed driver on the policy. You are involved in an accident while driving the Holden where the bull bar of your car has caused damage to another car, but there is no damage to your car. We determine that you are at fault and liable to pay the cost of repairs for the damage caused to the other car. The cost of repairs to the other car is \$2,500. There is a standard excess of \$300 if you make 3 or more car claims on a level of cover in any one period of insurance. As the Holden and the Ford each have their own CarPlus level of cover any car claims that occur for each insured car are treated individually when determining if the standard excess applies. You have an age excess as a listed driver of \$300. This is your third car claim for the Holden in the current period of insurance.

How much we pay		Additional information
Damage to other car	\$2,500	We normally pay the cost of repairs directly to the other driver/third party claimant or their insurer.
Less total excess payable	\$600	As you are at fault and this is your third car claim for the Holden during the period of insurance the standard excess applies along with the age excess. You pay this amount directly to us before we pay the third party.
Total claim amount paid	\$1,900	