

# Essentials by AAI

## Additional Information Guide

This Additional Information Guide (AIG) is designed to provide you with examples of claim payments and additional information about how we calculate premiums under the Essentials Product Disclosure Statement. You should read this AIG together with our Essentials Product Disclosure Statement (PDS) dated 8 December 2020.

**This AIG is relevant to you if your policy has a commencement or a renewal date on or after 16 March 2021.**

### Your excess

The amount and types of excesses are shown in the PDS or on your certificate of insurance.

If you make 3 or more claims on your policy (e.g. this could be 2 contents claims and 1 car claim if you have both contents and car cover or 3 claims under either your contents or car cover) in any one period of insurance the standard excess will apply, unless your policy states that no excess applies to your claim.

### 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 you can choose how to pay the excess from the options stated in the PDS. 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](http://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 \$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 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	You have provided us sufficient information about the insured contents items you have lost in the fire. The new for old replacement value is above the sum insured limit of \$20,000. As your claim is more than your contents sum insured, we will pay you \$20,000.
Less excess payable	\$0	The standard excess is not payable as this is the first claim made on the policy in the period of insurance.
<b>Total claim amount paid</b>	<b>\$20,000</b>	

### 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 claims in any one period of insurance. This is your second 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 claim made on your policy in the period of insurance.
<b>Total claim amount paid</b>	<b>\$2,350</b>	

### 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 claims in any one period of insurance. This is your third 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 claim in the period of insurance.
<b>Total claim amount paid</b>	<b>\$480</b>	

### 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. Your son is liable for the damage. 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 claims in any one period of insurance. This is your first 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,.
Less excess payable	\$0	The standard excess is not payable as this is the first claim made on the policy in the period of insurance.
<b>Total claim amount paid</b>	<b>\$2,000</b>	

## Car insurance claim examples

### Example 1 – Total loss

Your car is insured under the CarCover level of cover for \$3,000. Your car is damaged by hail and the cost of repairs to your car will be \$3,500. The market value of your car immediately before the incident was \$2,800. Your car is a total loss. A standard excess of \$300 applies if you make 3 or more claims on your policy in any one period of insurance. This is your first claim in the current period of insurance.

How much we pay		Additional information
Amount covered	\$3,000	Your sum insured is \$3,000.
Less excess payable	\$0	The standard excess is not payable as this is the first claim made on the policy in the period of insurance.
Where applicable, less any registration and Compulsory Third Party (CTP) refund	\$200	We deduct the unexpired portion of registration and CTP/MAI insurance. You can claim this amount from your state/territory transport authority.
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 your car is a total loss. We normally deduct this from the amount we pay to you.
<b>Total claim amount paid</b>	<b>\$2,750</b>	

Once we settle the claim, all cover on your car stops, and your car 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 \$6,000 and is insured under the CarPlus level of cover for \$5,000. Your car is stolen and you report this to the police and to us. Your car is not found within 7 days of being stolen and it is a total loss. A standard excess of \$300 applies if you make 3 or more claims on your policy in any one period of insurance. This is your third claim in the current period of insurance.

How much we pay		Additional information
Amount covered	\$5,000	Your sum insured is \$5,000.
Less excess payable	\$300	The standard excess is payable as this is the third claim made on the policy in the period of insurance.
Where applicable, less any registration and Compulsory Third Party (CTP) refund	\$150	We deduct the unexpired portion of registration and CTP/MAI insurance. You can claim this amount from your state/territory transport authority.
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 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. When your car is underinsured we allow you to keep the car salvage to offset your loss.		
<b>Total claim amount paid</b>	<b>\$4,640</b>	

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

### Example 3 - Partial loss

Your car is insured under the CarPlus level of cover for up to \$5,000. 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 name, address and their registration details. Your car is still safe to drive and 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 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 claims in any one period of insurance. This is your first 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	Your car is repairable.
Less excess payable	\$0	The standard excess is not payable as the driver of the other car was determined to be at fault.
	\$0	Because your partner was not listed as a driver for your car the 'Unlisted driver excess' of \$300 would normally apply. However, as 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.
<b>Total claim amount paid</b>	<b>\$2,500</b>	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. 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.
<b>Total claim amount paid</b>	<b>\$300</b>	

## Example 5 - Legal liability

You have insured your car with CarPlus level of cover. You are 23 years of age and a listed driver on the policy. You are involved in an accident while driving and the bull bar of your car has caused damage to another car, but there is no damage to your car. 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 claims on your policy in any one period of insurance. You have an age excess as a listed driver of \$300. This is your third claim on your policy (you have already made one contents claim and one car claim) 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 claim during the period of insurance the standard excess applies along with the age excess. You pay this amount directly to us.
<b>Total claim amount paid</b>	<b>\$1,900</b>	

## About your premium

Your premium is the amount you pay us for this insurance. Your premium includes any applicable GST, stamp duty, other government charges and any levies that apply.

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:

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

### **For car insurance**

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

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

### **Paying by instalments**

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

### **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.

### **Financial Claims Scheme**

This policy may be a 'protected policy' under the Federal Government's Financial Claims Scheme (FCS) which is administered by the Australian Prudential Regulation Authority (APRA).

The FCS only applies in the extremely unlikely event of an insurer becoming insolvent and the Federal Treasurer making a declaration that the FCS will apply to that insurer.

The FCS entitles certain persons, who have valid claims connected with certain protected policies issued by that insurer to be paid certain amounts by APRA.

You can find more information about the FCS at [www.fcs.gov.au](http://www.fcs.gov.au)

