

# AAMI INTERNATIONAL TRAVEL INSURANCE PREMIUM, EXCESS & CLAIMS GUIDE

This AAMI International Travel Insurance Premium, Excess & Claims Guide (Guide) is designed to provide you with additional information about the excess that applies to your policy, as well as how we calculate premiums for, and pay claims under, the AAMI International Travel Insurance Policy.

You should read this Guide together with our International Travel Insurance Policy – Product Disclosure Statement (PDS), which shows a completion date of 30 June 2009 on page 4.

### 1. How does AAMI calculate your travel insurance premium?

When you apply for AAMI travel insurance, we will always ask you some important questions about you, any other travellers you'd like to cover under your policy and the places you're travelling to.

Once you have told us the information we need, we will assess it based on what we call pricing factors. We take a number of pricing factors into account when we calculate your premium.

In the table below we display the main pricing factors, and the general effect they have on an AAMI International Travel Insurance Policy Premium.

Main pricing factors	Effect on your travel insurance premium
Whether a single-person or multi-person policy is purchased.	A single-person policy costs less than a multi-person policy.
The region in which you will be travelling.	Some regions cost more to travel to than others. For example the cost of medical care is more expensive in some countries, like the USA, so visiting them will increase the premium.  Also, the more regions you travel to, the higher the premium.
The duration of your journey.	The longer your journey, the higher the premium.

We also take other pricing factors into account such as our experience of the incidence and cost of the claims we pay under the travel insurance we provide. As a general rule, the more likely an event we cover is to occur, the higher the premium we will charge to cover it. Similarly, the more the event costs, the higher our premium will be. The premium also includes our cost of providing and administering your policy. We are always working hard to keep these costs low.

Once we have assessed your request for travel insurance against all of our pricing factors, we can calculate a risk-based premium that fairly represents the travel risk you would like us to cover.

Pricing an insurance policy correctly is important to us, since we insure many travellers and need to make sure that the total premiums we receive are always enough to pay for all of the claims our travellers make.

AAMI is committed to offering international travellers a competitive premium. Since we sell our policies to you directly, you don't have to pay a travel agent's commission, which many other travel insurance providers add to the cost of a policy.

### **What about government taxes and charges?**

AAMI shows any government taxes and charges on the insurance schedule or receipt we send you. International travel insurance is not subject to GST, however any stamp duty that applies to your policy will be added to your risk-based premium.

### **What about discounts?**

From time to time AAMI may advertise a travel insurance discount. If we do, we will tell you when and how that discount applies to your premium.

### **Total premium**

Your total premium is made up of the risk-based premium, less any discounts that apply, plus any applicable government taxes and charges. Our receipt will always show the premium you paid us.

If you have any questions about how we calculate your travel insurance premium, please call us on 13 22 44 (within Australia). We are open 24 hours a day, seven days a week.

## **2. What excess applies when you make a travel insurance claim?**

A \$200 excess applies to each claim you make on your AAMI travel insurance policy.

This is the amount that you must first contribute towards each claim you make. If your claim is for more than one occurrence, you'll need to pay the excess applicable to each occurrence. The \$200 excess is also shown on the insurance schedule we send you.

See page 47 of the PDS for more information on how an excess is applied when you claim.

## **3. How does AAMI pay a travel insurance claim?**

When you make a claim on your policy we will ask you questions about what you are claiming for. We will usually also ask you to provide us with documentation to support your claim.

Once we have all of the information we need to assess your claim, we will consider what you have claimed for against the policy cover you purchased. If your claim is accepted, we will tell you how we will settle it. If we don't accept your claim, we will always tell you why and give you information about how you can have our decision reviewed, at no cost to you.

We will apply a \$200 excess for each occurrence you claim for. Depending on the claim, we may ask you to pay us your excess first or we may deduct it from the payment we make.

Most of the events we cover have maximum payout limits. These limits are shown next to each insured event in the PDS. Some insured events, like the reasonable cost of medical expenses, have no payout limit. Whether or not there is a limit, AAMI will always assess the nature and value of your claim against the insurance cover the PDS provides, deduct any applicable excess and provide payment either to you or directly to the provider of goods or services.

### **Claim payment examples**

The following claim payment examples show how AAMI pays four of the most common types of international travel insurance claims. They are only examples; AAMI always determines real claim payments on an individual basis, after we have assessed each claim.

Index of claim payment examples:

- 1.** A claim where we directly pay the expenses you have incurred
- 2.** A claim where you have paid expenses and now seek reimbursement
- 3.** A claim where your property has been lost, stolen or damaged
- 4.** A legal liability claim where someone is making a demand against you

Each example assumes the appropriate region of cover has been purchased. All amounts are shown in Australian dollars. See page 45 of the PDS for information on what currency exchange rates we apply when paying your claim. You should read the PDS for full details of what we cover as well as what policy limits and exclusions apply.

## 1. A claim where we directly pay the expenses you have incurred

When holidaying in the United States you fall and suffer a bad fracture of your left leg. You're transported to a major hospital by ambulance where you are diagnosed by an orthopaedic surgeon and undergo surgery. You spend two nights in hospital. Once your condition stabilises, AAMI agrees with your local treating doctor that you can be flown home to complete your recovery.

On this occasion, you notify us of your claim during your overseas hospital stay and request that the hospital and ambulance service send their bills directly to us.

AAMI organises appropriate commercial air travel for you to return home, as well as appropriate transportation for you to the airport.

AAMI then receives your bills for the following medical and related transport expenses: ambulance fee (\$1,100); hospital fee (\$2,200); x-ray fee (\$700); orthopaedic surgeon's fee (\$3,500); air transport home (\$4,000) and taxi fares to the airport (\$200 in total).

After receiving your \$200 policy excess, we calculate your claim payment on the following basis:

How much we pay	Additional information	What policy limits apply?
\$1,100	We pay your ambulance fee in full.	We pay unlimited medical expenses so long as they are reasonable.
\$2,200	We pay your hospital fee in full.	
\$700	We pay your x-ray fee in full.	
\$3,500	We pay your orthopaedic surgeon's fee in full.	
\$4,000	We organise your air transport home and pay for it in full.	We pay unlimited medical transport costs so long as they are reasonable and we arrange them under medical advice.
\$200	We pay your taxi fare to your departure airport and from your arrival airport (\$200 in total).	
<b>\$11,700</b>	<b>This is the total amount we pay to settle your claim.</b>	

Note: in the above example our payment is based on the following insured event:

1. Medical expenses (see pages 14 – 17)

The following types of claims may commonly be settled by AAMI directly:

- Medical expenses and additional expenses related to illness, injury and death;
- Cancelled, interrupted or delayed journey;
- Legal liability.

## 2. A claim where you have paid expenses and now seek reimbursement

You purchase a single-person AAMI travel policy and fly from Australia to Bangkok airport, on your way to Vienna for two weeks. When you land in Bangkok you learn that a staff strike has closed down the airport and no planes are permitted to leave.

Your connecting flight to Vienna is now delayed. You weren't planning an overnight stopover in Bangkok. You catch a taxi from the airport and stay in a hotel for three nights, until the strike is over.

You were not able to use the first three nights of accommodation you had pre-paid in Vienna.

On this occasion you have paid for your three nights in a Bangkok hotel (\$450 in total) and taxi fares from, and back to, the airport (\$50 in total). You also paid \$40 a day, for three full days, for meals whilst in Bangkok (\$120 in total). Unfortunately, the cancellation terms of your Viennese hotel (\$650 in total) were strict, so you lost the full cost of the first three nights' booking.

When you return home you notify us of your claim and provide us with the necessary documentation to support the additional expenses you incurred.

We calculate your claim payment on the following basis:

How much we pay	Additional information	What policy limits apply?
\$570	We reimburse you the cost of your unplanned three nights in Bangkok (\$450 in total).  We also reimburse you the cost of your meals (\$120 in total) over the three days you spent in Bangkok.	Under a single-person policy we pay up to \$250 for additional accommodation and meals costs for each 12 hour period after your transportation provider has delayed your scheduled departure time for 12 hours or more because of an event outside your control, such as the airport strike in this example.  In this example the policy limit is not reached, since we pay \$150 x 3 for your three nights' accommodation in Bangkok, plus \$40 x 3 to cover your meal costs for those three days. That is a total of \$190 for each 24 hour period, or \$570 in total.
\$50	We reimburse you the cost of your taxi fares to and from Bangkok airport.	Under a single-person policy you are covered for up to \$1,000 of additional travel due to an insured delay by your transportation provider that's 12 hours or longer.
\$200	We reimburse you \$200 towards the first three nights' accommodation you missed in Vienna.  Since we have already paid \$450 for your unplanned three night stay in Bangkok, our total accommodation reimbursement to you is \$650, which is the same amount you paid your Viennese hotel before the airport strike disrupted your journey.	Under a single or multi-person policy you're covered for travel and accommodation that you've already pre-paid and that you need to cancel due to an unforeseen event we insure, such as the airport strike in this example.  There is no policy limit for this benefit, unless your cancellation claim is also for your travel agent's cancellation fee. See page 26 of the PDS for what cover limits would apply in that situation.
<b>Sub-total \$820</b>	<b>This is the amount covered under this claim, before your excess is applied.</b>	
<b>Minus \$200</b>	<b>We deduct our \$200 policy excess.</b>	
<b>Payment: \$620</b>	<b>This is the total amount we pay you to settle your claim.</b>	

Note: in the above example our payment is based on the following two separate insured events:

1. Travel and accommodation incurred by you and additional to travel and accommodation that is both pre-arranged and pre-paid (see pages 28 – 29).
2. Travel and accommodation cancelled due to unforeseen circumstances outside your control (see pages 26 – 29).

The following types of claims may commonly be settled by AAMI on a reimbursement basis:

- Baggage, personal effects, travel documents – delays, damage, loss and theft;
- Cancelled, interrupted or delayed journey.

### 3. A claim where your property has been lost, stolen or damaged

When you booked your overseas holiday you purchased an AAMI single-person travel policy.

While attending a festival in a town square in South America, a thief pulls your handbag from your shoulder and flees before you can alert anyone. In addition to your passport and all the other things you usually carry in your handbag, you had also placed your favourite gold ring into one of its zipped pockets.

You immediately report the theft to local police, who provide you with a written report.

**Important note:** our PDS explains that you must obtain a written report from the police or the local government authority, within 24 hours, if your baggage, personal effects or travel documents have been stolen or maliciously damaged.

You notify AAMI of your claim the following day and we help you organise a replacement Australian passport (\$277), which is sent to you by an international courier (\$120). When you return home to Australia you provide us with reasonable evidence of ownership for the following stolen items: luxury leather handbag (\$1,000); purse (\$125); five cosmetic items (\$210 in total); gold ring (valued at \$600); digital camera and memory card (\$500 in total); mobile phone and SIM card (\$660 in total).

We calculate your claim payment on the following basis:

How much we pay	Additional information	What policy limits apply?
\$700	AAMI has the option to replace your baggage or personal effects or pay you their reasonable replacement cost.  On this occasion we decide to pay you \$700 towards the cost of your stolen handbag.  We limit our payment to \$700 since under a single-person policy there is a \$700 per item limit for general items like handbags.	The loss, damage or theft of baggage and personal effects is covered up to a total policy limit of \$6,000 for a single-person policy.  Per item sub-limits also apply to claims for different types of baggage and personal effects. For example single general items, like a handbag or item of jewellery, are limited to \$700 under a single-person policy.  An increased total policy limit, as well as increased per item limits, apply under a multi-person policy.
\$125	We decide to replace your stolen purse with a new purse of the same quality, valued at \$125.	
\$210	We decide to replace your five stolen cosmetics items. We do this by providing you with a gift card from a large department store, pre-loaded with \$210 store credit.	
\$420	We agree your stolen gold ring would have a current retail price of \$600. We decide to replace it with a similar gold ring, of the same carat and style, through an established jeweller.  The replacement ring's retail price is also \$600; however since we buy jewellery in large volumes, the jeweller provides us with a 30% discount. This means we pay \$420 to the jeweller.	

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How much we pay	Additional information	What policy limits apply?
\$660	We decide to replace your stolen mobile phone handset with a brand new handset of the same model, which we purchase for \$650. We also pay \$10 to your mobile telephone provider for a replacement SIM card.	Under a single-person policy a single electronic item like a mobile phone or digital camera is covered for up to \$3,000.
\$500	We decide to replace your stolen digital camera with a brand new camera of the same model, which we purchase for \$450. We decide to replace your stolen camera's memory card with a brand new card of the same storage capacity, which we purchase for \$50.	As mentioned above, a total policy limit of \$6,000 exists for loss, damage or theft of baggage and personal effects under a single-person policy.
<b>Sub-total \$2,615 (For baggage &amp; personal effects)</b>	This is the amount your baggage and personal effects are covered for under this claim, before your excess is applied.	
<b>Minus \$200</b>	We deduct our \$200 policy excess. On this occasion we deduct it from the part-payment we are making to you directly (which is \$700 minus \$200 equals \$500). Our final payment to you is \$500. We pay the remainder of \$1,915 to our suppliers.	
<b>Total payment: \$2,415 (For baggage &amp; personal effects)</b>	This is the total amount we pay to settle your baggage and personal effects theft claim.	
\$397	In addition to the above payment, we also pay \$277 to the Department of Foreign Affairs and Trade for the reissue of your new Australian passport and \$120 to an international courier to deliver it to your overseas hotel. Since these two costs are part of your theft claim, you don't have to pay an additional excess.	Under a single-person policy we pay up to \$500 if your travel documents are lost, stolen or damaged during your journey. Under a multi-person policy we pay up to \$1,000.

Note: in the above example our payment is based on the following two separate insured events:

1. Repairing or replacing your baggage and personal effects lost, stolen or damaged during your journey (see pages 20 – 23).
2. Replacing your travel documents lost, stolen or damaged during your journey (see pages 24 – 25).

The following types of property claims may commonly be settled by AAMI through a combination of direct payment to you and our supplier:

– Baggage, personal effects, travel documents – delays, damage, loss and theft.

#### 4. A legal liability claim where someone is making a demand against you

While on the underground metro in London, you are carrying your metal-capped umbrella, which you had purchased that morning, since it had been raining heavily. The carriage is crowded and you turn to look at a transit map when you hear someone cry out behind you. Although you didn't intend it, your umbrella's tip struck a businessman's designer suit, opening a sizeable tear across the front of his jacket. You exchange details before he alights at the next station.

A month later, when you return home, you check your mail and find a letter from him, requesting payment for a new suit jacket. In his letter he states that even if it was repaired professionally, the tear would be highly noticeable, preventing him from wearing it to work. He encloses a clear photo of the tear and a quotation for the jacket's replacement cost in British Pounds, equivalent to \$850 Australian dollars.

You lodge your legal liability claim with AAMI and provide us with copies of each of his documents. We assess your claim and agree that your actions on the train were negligent. We also assess his quotation to be fair.

After receiving the \$200 policy excess from you, we settle the demand against you on the following basis:

How much we pay	Additional information	What policy limits apply?
\$850	We contact the businessman and arrange for a payment of \$850 Australian dollars, which he will be able to convert to British Pounds to buy a replacement suit jacket.	We pay up to \$5 million in total for all claims including all legal costs and expenses.

Note: in the above example our payment is based on the following insured event:

- 1. Legal liability (see pages 34 - 35)

Legal liability claims are handled by AAMI under the following policy section:

- Accidents for which you are legally liable.

**Do you need to make a claim?**

Hopefully, you never need to. But if you do, AAMI is here to help you, 24 hours a day, seven days a week.

Everyone's travel claims will be different; so if you need to make a claim, contact us as soon as you can. We will ask you about what happened and explain our claims process.

Your claim will always be assessed against the policy cover you purchased, which is described in your PDS, your most recent Insurance Schedule and any receipt we sent you.

**You can contact us:**

By phone:

Within Australia – call 13 22 44;

From outside Australia – call +61 2 8987 1674 (we accept reverse charges through the international operator).

By email: [travelclaims@aami.com.au](mailto:travelclaims@aami.com.au)

By mail: AAMI Travel Claims, PO Box 14180, Melbourne City Mail Centre, Victoria 8001, Australia