

AAMI COMPREHENSIVE CAR INSURANCE – PREMIUM, EXCESSES & CLAIMS GUIDE

This AAMI Comprehensive Car Insurance Premium, Excesses & Claims Guide (**Guide**) is designed to provide you with additional information about the excesses that may apply to the AAMI Comprehensive Car Insurance Policy (**Policy**), as well as explain how we calculate premiums for, and pay claims under, the Policy.

You should read this Guide together with our Comprehensive Car Insurance Policy – Product Disclosure Statement (**PDS**), which shows a completion date of 17 November 2009 on page 6, and your policy schedule.

1. How does AAMI calculate your Policy premium?

When you apply for AAMI comprehensive car insurance, we will always ask you some important questions about your car, who will drive it, and the type of driving you plan to do. We will also ask you other questions, such as whether you would like to increase your total excess and how you would like to pay for your Policy.

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 Policy premium.

In the table below we display the main pricing factors, and the likely effect they have on an AAMI Comprehensive Car Insurance Policy premium.

Main pricing factors	Likely effect on the car insurance premium
The age of the main driver.	The older the main driver is, the lower the premium is likely to be.
The gender of the main driver.	A premium for a female main driver is likely to be lower than an equivalent male main driver.
The agreed value of the car.	The lower the agreed value of the car, the lower the premium is likely to be. Any non-standard accessories or modifications that you have fitted to your car, and that we have agreed to insure for an additional value, are likely to increase your policy premium.
The post code where your car is kept overnight.	The premium is likely to be lower if the car is kept overnight in a postcode that has a lower claims cost and incidence rate than other postcodes.
What the car is used for.	The premium for private use is likely to be lower than for business use.
Whether you select a Flexi-Premium excess.	The premium will be lower if you choose a Flexi-Premium excess.
Whether the premium is paid by instalments.	The premium will be lower if it's paid upfront in full, rather than by instalments. Call us on 13 22 44 for details.

Main pricing factors	Likely effect on the car insurance premium
Whether the car is under finance.	The premium is likely to be lower if the car is not under finance.
The rating AAMI awards you on your Policy.	The premium will be lower the better your rating is, until you reach Rating One. See pages 33 – 38 of the PDS for details.
Whether you are eligible for an Earned Safe Driver Discount on your Policy.	The premium will be lower if you reach Platinum status or better under AAMI's Safe Driver Rewards program. See pages 39 – 41 of the PDS for details.
Whether you are eligible for an AAMI Skilled Drivers Discount on your Policy.	The premium on your Policy will be lower if you are under 25 years of age and have completed the AAMI Skilled Drivers Course. See pages 14 and 40 for details. If you complete the Course during an existing Policy period, your AAMI Skilled Drivers Discount will be recognised at your next renewal, so long as you remain under 25 years of age.

We may also take other pricing factors into account, as well as our experience of the incidence and cost of the claims we pay under the comprehensive car 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 is likely to be. The premium also includes our cost of providing and administering your Policy, including the management of any claims on your Policy. We are always working hard to keep that cost low.

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

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

What about government taxes and charges?

AAMI shows any government taxes and charges on any receipt we send you. The comprehensive car insurance risk premium we charge you is subject to the following taxes and charges:

Fire Services Levy	This levy only applies in New South Wales.
Stamp duty	The rate of this duty varies and is set by your state or territory government.
GST	The rate of GST is set by the Federal Government. It is currently 10%.

When we add these taxes and charges to your risk-based premium, we will always add any fire services levy first, then GST and then any stamp duty.

What about discounts?

You may be able to obtain a discount on the Policy if you have a current association with AAMI. Call us on 13 22 44 for full details.

From time to time AAMI may advertise other comprehensive car insurance discounts. If we do, we will tell you when and how those discounts apply 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 comprehensive car insurance premium, please call us anytime on 13 22 44.

2. What excesses apply when you make a claim?

An excess is the amount that you must first contribute towards each claim you make on your Policy. If your claim is for more than one occurrence, you'll need to pay the excess(es) applicable to each occurrence. Depending on the choices you make when you purchase the Policy, and the circumstances of your claim, more than one excess may need to be paid.

The following excesses apply to the Policy:

Standard	This is the basic excess you must contribute towards each claim. The standard excess on your Policy depends on where you live.																																			
	<table border="1"> <thead> <tr> <th>NSW</th> <th>ACT</th> <th>VIC</th> <th>QLD</th> <th>SA</th> <th>WA</th> <th>NT</th> <th>TAS</th> </tr> </thead> <tbody> <tr> <td>\$550</td> <td>\$550</td> <td>\$550</td> <td>\$500</td> <td>\$400</td> <td>\$400</td> <td>\$400</td> <td>\$350</td> </tr> </tbody> </table>	NSW	ACT	VIC	QLD	SA	WA	NT	TAS	\$550	\$550	\$550	\$500	\$400	\$400	\$400	\$350																			
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\$550	\$550	\$550	\$500	\$400	\$400	\$400	\$350																													
Flexi-Premium®	This excess is additional to your standard excess if you have chosen to pay a lower premium by increasing your Policy's excess. You can choose to add one of the following flexi-premium excesses to your standard excess:																																			
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Age	This excess is additional to any other excess(es) if your car was being driven by a person in certain age ranges. The age excess on your Policy depends on where you live.																																			
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Additional	This excess may be imposed in special circumstances, for example on high performance cars. If an additional excess applies to your Policy, it will be shown on your policy schedule. It is payable in addition to any other excess(es).																																			

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Inexperienced driver	This excess is additional to any other excesses if your car was being driven by a person who is over 24 or 25 years (depending on where the you live) and who has held their car licence for less than two years. The inexperienced driver excess on your Policy depends on where you live and, in some places, your gender.			
	Age	NSW	ACT	
	Drivers 24 and over but licensed under 2 years	\$400	\$400	
	Age	VIC	TAS	QLD
	Drivers 25 and over but licensed under 2 years	\$200	\$300	\$200
	Age	SA	WA	NT
	Only males 25 and over but licensed under 2 years	\$200	\$200	\$200

Some excesses, like the standard excess, will apply whenever you make a claim, unless you can provide us the name and address of the responsible party, or their vehicle's registration number. When a standard excess applies to your Policy, any flexi-premium, age, additional or inexperienced driver excess may also be payable, if it is applicable to the event type.

See pages 30 – 32 of the PDS, and the actual excesses shown on your policy schedule, for full information about the excesses that apply to your Policy and when and how they are to be paid or deducted.

The next section of this Guide shows examples of claim payments, which include excess payments and deductions.

3. How does AAMI pay a comprehensive car insurance claim?

When you make a claim on your Policy we will ask you questions about what you are claiming for. We may also ask you to provide us with documents to support your claim or ask you to explain what has happened in person.

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. Each of the covers under the Policy has a maximum payout limit. These limits are shown either in the PDS or on your policy schedule.

If we are satisfied that your claim is in order, we will finalise any excess payment you need to make or deduct your excess from our payment. Depending on how we decide to settle your claim, we may make a payment directly to you, or to a provider of goods or services, or to someone who has claimed against you.

In the rare instance that we do not 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.

Claim payment examples

The following claim payment examples show how AAMI pays four of the most common types of comprehensive car 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 for accident damage to your car that can be repaired (plus a claim for emergency costs)
2. A claim for accident damage to your car that writes it off
3. A claim for the theft of your car
4. A legal liability claim where someone is making a demand against you

Notes about the claim payment examples:

- All examples (including excesses) are based on a policyholder living in **New South Wales**.
- All amounts are shown in Australian dollars and are GST-inclusive.
- All examples assume that the policyholder is not registered for GST.
- You should read the PDS and your policy schedule for full details of what we cover as well as what policy limits and exclusions apply.

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3(a). A claim for accident damage to your car that can be repaired (plus a claim for emergency costs)

When driving your car from your home in Sydney to your friend’s home in Melbourne for a four-day long weekend, you break heavily for a red traffic light in Albury. Your car swerves and you collide with a barrier. You aren’t injured but your car’s radiator is leaking and your car cannot be driven.

You call AAMI from the accident scene and we arrange for a tow truck to tow your car to a local vehicle repairer in Albury (cost \$180), where it is stored safely.

Since you are more than 100 km away from home you arrange a hire car in Albury, so that you can continue your journey to Melbourne (at a \$55 daily hire rate). A hire car is only available the following day, so you stay overnight at an Albury motel (cost \$115). The following day you pick up your hire car and complete your journey to Melbourne. Given that you are interstate, AAMI allows you to retain the hire car over the long weekend in Melbourne. At the end of the long weekend you drive the hire car back to Sydney, returning it at a hire depot near your home (total hire period of four days, costing \$220, plus a one-off \$150 vehicle relocation fee: \$370 in total).

We agree with you that it would be best to transport your damaged car to Sydney, so we organise a second tow truck to transport it from Albury to one of our Sydney Customer Service Centres (cost \$500). We then assess your car, which in this example we insure for an agreed value of \$10,000, as being repairable, and organise for its repair (\$4,700 repair cost). We keep you informed of the progress of the repairs and you pick up your repaired car after eight days. You provide us with receipts for the motel and hire car.

A standard policy excess of \$550 is the only excess that applies to this claim. You pay it to us by credit card.

We would calculate our claim payments on the following basis:

How much we pay	Additional information	What policy limits apply?
\$370	We reimburse you for the cost of your hire car (four days at \$55 per day, plus a \$150 vehicle relocation fee).	We pay up to \$500 of the overall cost of your essential accommodation and travel expenses.
\$115	We reimburse you for the cost of your overnight motel accommodation in Albury.	In this example these expenses are \$485 in total, so the policy limit is not reached.
\$180	We pay for the transport fee from the accident scene to the Albury vehicle repairer.	We pay the reasonable cost of transporting your car, if it cannot be safely driven, to a place of safety and then, if needed, to an AAMI Customer Service Centre.
\$500	We pay for the transport fee from the Albury vehicle repairer to AAMI’s Customer Service Centre in Sydney.	
\$4,700	We pay the Sydney car repairer for the full cost of the authorised repairs.	We cover your car for accidental damage up to the agreed value that’s shown on your policy schedule. In this example the agreed value is \$10,000.
Payment: \$5,865	This is the total amount we pay to various parties to settle your claim.	

In the above example our payment is based on the following Policy covers:

1. Accidental damage (see page 9)
2. Help with the cost of keeping your car safe after an accident (see page 12)
3. Emergency costs – accident (see pages 12 – 13)
4. If your car has been damaged and... cannot be safely driven(see page 22)

3(b). A claim for accident damage to your car that writes it off

Your car is three years old and is insured, through an annual premium payment, for an agreed value of \$12,000.

When driving your car you collide with another car that has failed to give way at an intersection. You aren't injured but your car is heavily damaged and cannot be driven. The driver of the other car stops and gives you their name, address and their car's registration number. This means you don't have to pay us an excess on this claim.

You call AAMI from the accident scene and we organise for a tow truck to transport your car to your nearest AAMI Customer Service Centre (cost \$200). We assess your car as being a statutory write-off since its chassis is bent beyond repair. You tell us that you don't want to keep any part of your damaged car (the salvage), so we keep it and pay you the agreed value, which in the case of this claim is \$11,750. We reduce the original \$12,000 agreed value by \$250 in this claim, because in New South Wales you are entitled to obtain separate refunds for your unused registration and Compulsory Third Party (CTP) insurance premium: \$250 in total in this example. We deposit the \$11,750 into your bank account.

We would calculate our claim payments on the following basis:

How much we pay	Additional information	What policy limits apply?
\$200	We pay for the towing fee from the accident scene to your nearest AAMI Customer Service Centre.	We pay the reasonable cost of transporting your car, if it cannot be driven, to your local AAMI Customer Service Centre.
\$11,750	Since your car is a write-off, we pay you its agreed value. In this example it is \$11,750, following our deduction of \$250 which represents the unused portion of your car's registration and CTP insurance premium.	When a car is two or more years old and we agree that it's a write-off, we will pay the agreed value that is shown on your policy schedule. The agreed value is reduced by any excess that applies to your policy, any unpaid premium, and by the value of your damaged car (or any part of it) if you wish to keep it. The agreed value is also reduced in NSW by the value of the unexpired portion of your car's registration and CTP insurance premium. This is because in NSW you are entitled to collect these unused amounts from the Roads and Traffic Authority and your CTP insurer. If your car is under finance we will first pay the financier what you owe and then pay you any balance.
Payment: \$11,950	This is the total amount we pay to various parties to settle your claim.	

In the above example our payment is based on the following Policy covers:

1. Accidental damage: write-off payment (see pages 26 – 27)
2. When your car has been damaged and... cannot be safely ridden (see page 22)

3(c). A claim for the theft of your car

You insured your brand new car with AAMI for an agreed value of \$35,000.

Six months later you drove it to the local shopping centre and parked it in the multi-level car park. When you returned with your shopping an hour later your car was gone.

You immediately called the police and reported your car stolen. The police provided you with a report. You called AAMI when you got home and lodged your claim.

Important note 1: the PDS explains that you must call both the police and AAMI as soon as you believe that your car has been stolen.

When you lodged your claim you paid your total policy excess of \$1,600 (made up of your standard excess of \$550 plus your flexi-premium excess of \$1,050, which you selected when you purchased your policy). AAMI organised a hire car for you, which you were able to drive for 21 days (cost to AAMI: \$1,155).

AAMI asked you to provide documents to show when you had bought your car, that you own it, and other documentation to support your claim. AAMI also spoke to you about the circumstances of the theft. 14 days after you lodged your claim your car still hadn't been found. Since AAMI was satisfied at that time that your claim was in order, and agreed that your car was a write-off within the first two years or its original registration, AAMI replaced your car with a brand new car (\$34,990) and paid for the new car's initial on-road costs (\$1,375). The replacement car was of the same make, model and series as your stolen car and it was locally available.

Important note 2: the PDS explains that your existing policy ends when we replace your car, so you will need to organise new insurance cover for the replacement car.

We would calculate our claim payments on the following basis:

How much we pay	Additional information	What policy limits apply?
\$1,155	We pay for the cost of providing you a hire car for 21 days (in this example, at a rate of \$55 a day).	We pay for a hire car for up to 21 days when your car is stolen. Our standard conditions for hire cars apply. See pages 15 – 17 of the PDS.
\$34,990	We pay to purchase your replacement car, brand new from an authorised car dealer.	When we pay to replace your car, the amount we pay will be what is needed for us to purchase the replacement, plus any initial on-road costs.
\$1,375	We pay your replacement car's initial on-road costs, including its first year of registration, compulsory third party insurance and stamp duty.	
Payment: \$37,520	This is the total amount we pay to various parties to settle your claim.	

In the above example our payment is based on the following Policy covers:

1. Accidental loss (theft): when we replace your car (see pages 9, 10, 26 – 27)

3(d). A legal liability claim where someone is making a demand against you

When driving your car in heavy traffic, you brake too late and collide with the rear of a sports car. It's not a heavy impact and your car is fitted with a bull bar, so it's not damaged. However, your car's bull bar damages the sports car's rear bumper bar and number plate.

You stop at the scene and exchange details with the driver of the sports car. You call AAMI that evening to explain you've had an accident and that someone will probably claim against you.

A week later you receive a letter from the owner of the sports car, requesting payment of \$4,037 dollars. The letter includes a quote from a smash repairer for \$4,000, and explains that a replacement number plate will cost them \$37. You send the letter and quote to AAMI and pay us your total policy excess of \$1,750 (made up of your standard excess of \$550 plus an age excess of \$1,200 since in this example you are a 19 year old male).

We assess your claim and agree that you were responsible for the accident. We also assess the sports car's repair quote. By our assessment the quote is excessive. We offer \$3,037 in full settlement of the demand against you, which includes \$37 towards the replacement number plate. Our offer is accepted and we settle the claim, without you having to negotiate with the owner of the sports car directly.

We settle the demand against you on the following basis:

How much we pay	Additional information	What policy limits apply?
\$3,037	We send a cheque to the owner of the sports car for your full legal liability. The owner can use this money to pay for the fair cost of repairs and for the replacement number plate.	We pay up to \$20 million for all claims arising from the one event.

In the above example our payment is based on the following Policy cover:

1. Legal liability (see pages 23 – 24)

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 car insurance claim 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 the PDS and your policy schedule.

You can contact us:

By phone: Call 13 22 44. We are available 24 hours a day, 7 days a week.

Via the internet: aami.com.au

By mail: AAMI, PO Box 14180, Melbourne City Mail Centre, Victoria, 8001.

In person: Call 13 22 44 for the address of the closest AAMI branch or Customer Service Centre.

4. Financial Claims Scheme

The policy described in this Guide 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.

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