

# AAMI HOME BUILDING INSURANCE

## 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 Home Building Insurance Product Disclosure Statement (**PDS**) dated 01/10/13.

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

### About your premium

The 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 our estimate of the rebuilding cost of the building (if you have chosen the Complete Replacement Cover® option);
- 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.

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

Factor
Address of the building
Construction material and other characteristics of the building
Whether you have chosen the Complete Replacement Cover® option, and if you have, our estimate of the rebuilding cost of the building.
The building Sum Insured (unless you have chosen the Complete Replacement Cover® option)
Age of the oldest policyholder
Your AAMI Flexi-Premium excess

### Paying by instalments

Your premium will be higher if you choose to pay by instalments, rather than annually.



## Premium discounts

Discounts are also a factor that can affect your premium. The premium you pay for your insurance includes any discounts we have given you. Any discounts are usually calculated and applied before the application of government taxes and charges.

The main discounts we offer are:

- AAMI Association discount;
- Combined building and contents discount.

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.

If you are eligible for more than one discount, we usually apply any subsequent discount to the already discounted premium.

### AAMI Association discount

We might reward you with a discount during the first year of your policy if you have other current policies with AAMI or if your spouse or partner is currently insured with AAMI and you let us know about this when you take out your policy.

### Combined building and contents discount

We reward you with a discount for combining the building and contents for the same address on the same policy with us.

## Government taxes and charges

After we have calculated the amount to cover your building 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:

### AAMI Flexi-Premium excess

You can choose from a number of AAMI Flexi-Premium excess levels between \$100 and \$5,000. Some renewing policies may have an AAMI Flexi-Premium excess below this minimum (which you can choose to increase).

### Additional Excess

In some circumstances, an additional excess may apply based on our assessment of the risk.

### Unoccupied excess

The unoccupied excess is \$1,000.

## 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. AAMI 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:

- 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;
- all amounts are shown in Australian dollars and are GST inclusive;
- all examples assume that the policy holder is not registered for GST.

### Example 1 – Total loss when Complete Replacement Cover® option is chosen

The building is insured with the Complete Replacement Cover option chosen. Your city has been hit by a major cyclone and the building was one of the many destroyed during the event. You and your family move into temporary accommodation during rebuilding. You have a \$500 AAMI Flexi-Premium excess.

How much we pay		Additional information
Cost to rebuild the building	\$600,000	We assess the building as a total loss. With Complete Replacement Cover we cover loss or damage due to an insured event up to whatever it costs us to repair or rebuild the building on a 'new for old' basis, unless provided otherwise in the policy. We pay this amount directly to the builder or, if we agree to cash settle your claim we will include this amount as part of the cash settlement calculation.
Removal of debris	\$20,000	When the Complete Replacement Cover option is chosen, we pay the reasonable and necessary costs for removal of debris. If we agree to cash settle your claim we will include this amount as part of the cash settlement calculation.
Temporary accommodation	\$ 20,000	Under the 'Temporary Accommodation' additional feature, because you have the Complete Replacement Cover option, you are covered for the reasonable temporary accommodation costs you incur up to 4 weeks in short term accommodation, and up to another 48 weeks residential accommodation similar to the building. We will either pay the costs you incur directly to the accommodation supplier or reimburse you for these costs. If we agree to cash settle your claim we will include this amount as part of the cash settlement calculation.
<b>Total amount claimable</b>	<b>\$640,000</b>	
Less excess payable	\$500	
<b>Total claim amount paid</b>	<b>\$639,500</b>	

### Example 2 – Total loss when the Complete Replacement Cover option is *not* chosen

The building is insured for a sum insured of \$350,000. Your city has been hit by a major cyclone and the building was one of many destroyed during the event. You and your family move into temporary accommodation during rebuilding. You have a \$500 AAMI Flexi-Premium excess.

How much we pay		Additional information
The sum insured shown on your certificate of insurance	\$350,000	We assess the building as a total loss and calculate that it would cost \$400,000 to rebuild the building. However, your building sum insured (stated on your certificate of insurance) is \$350,000, so this is the most we will pay to either rebuild the building or pay you what it would cost us to rebuild.
Removal of debris	\$25,000	We pay up to 10% of the building sum insured to remove the building debris from your land under additional feature 'Removal of debris'. In this instance the costs to remove the debris did not exceed 10% of the sum insured.
Temporary accommodation	\$20,000	Under the 'Temporary accommodation' additional feature you are covered for the reasonable temporary accommodation costs you incur up to 4 weeks in short term accommodation, and up to another 48 weeks residential accommodation similar to the building. We will either pay the costs you incur directly to the accommodation supplier or reimburse you for these costs. Because you have not chosen the Complete Replacement Cover option, cover for temporary accommodation is limited to 10% of the building sum insured.
<b>Total amount claimable</b>	<b>\$395,000</b>	
Less excess payable	\$500	
<b>Total claim amount paid</b>	<b>\$394,500</b>	

### Example 3 – Partial loss - storm

A severe storm with gusty winds results in a tree falling onto your roof and damaging it significantly. We assess that the building is not liveable until repairs are completed and you and your family move into temporary accommodation for 4 weeks while repairs are undertaken. The location of the temporary accommodation means you will incur extra travel costs to get to work. The accommodation costs are \$2,000 and the extra travel costs are \$250. We assess the repairs to the roof will cost \$89,000. You have a \$300 AAMI Flexi-Premium excess.

How much we pay		Additional information
Cost to repair your roof	\$89,000	We cover what it costs us to repair the roof. We pay this amount directly to the builder.
Temporary accommodation	\$2,000	Under the 'Temporary Accommodation' additional feature, you are covered for reasonable temporary accommodation costs you incur up to 4 weeks in short term accommodation, and up to another 48 weeks residential accommodation similar to the building. We will either pay the costs you incur direct to the accommodation supplier or reimburse you these costs. You are not covered for extra travel costs.
Less excess payable	\$300	
<b>Total claim amount paid</b>	<b>\$90,700</b>	

### Example 4 – Partial loss – Motor burnout

Your ducted air conditioning unit motor has suddenly stopped working and the repairer's report confirms that the motor for the unit has burnt out. The age of the motor in the ducted air conditioning unit is 5 years old. You have a \$100 AAMI Flexi-Premium excess.

How much we pay		Additional information
Cost to replace the motor	\$600	Under additional cover 'Motor burnout', we will cover the replacement or repair of the motor only in the air conditioning unit up to the age of 7 years. In this case the motor requires replacement. We cover what it costs us to replace the motor. We will pay the repairer directly.
Less excess payable	\$100	
<b>Total claim amount paid</b>	<b>\$500</b>	

### Example 5 – Partial loss – Accidental breakage of fixed glass

You are having a shower and accidentally slip and fall resulting in a cracked glass shower screen. You have a \$100 AAMI Flexi-Premium excess.

How much we pay		Additional information
Cost to replace shower screen glass	\$700	We cover what it costs us to replace the shower screen glass. We pay the supplier direct.
Less excess payable	\$100	
<b>Total claim amount paid</b>	<b>\$600</b>	

## Example 6 – Legal Liability cover

During a dinner party at your home one of your guests was walking down the stairs and the area was dimly lit causing your guest to slip down the stairs and injure their ankle and lower back. Your guest has made a claim against you and we or a Court of Law decide you are liable. You have a \$100 AAMI Flexi-Premium excess.

How much we pay		Additional information
Total amount of liability	\$14,800	Under 'Legal Liability', we cover your legal liability up to \$20 million, including all associated costs. We pay the person who claimed against you.
Legal fees	\$ 5,000	Lawyers' fees to defend you, negotiate and settle the claim are \$5,000. We pay fees of \$5,000 to the law firm.
Less excess payable	\$100	
<b>Total claim amount paid</b>	<b>\$19,700</b>	

## Example 7 – Partial loss – Fire Damage

While you were cooking dinner, the phone rang and you didn't notice the cooking oil catch on fire. When the fire was extinguished there was damage to the stove, kitchen wall behind the stove and the bench top to the right of the stove. The stove was replaced and the kitchen wall behind the stove replaced and repainted. Due to the age of the kitchen, the bench top on the right of the stove could not be replaced with a matching laminate to the other bench tops. You have a \$700 AAMI Flexi-Premium excess.

How much we pay		Additional information
Cost to replace stove and kitchen wall	\$3,000	We cover what it costs us to replace the stove and kitchen wall. We pay the repairer direct.
Amount to replace damaged bench top	\$2,000	We cover what it costs us to replace the damaged bench top and any undamaged bench top which is continuously joined to the damaged one. In this instance, the damaged bench top is not continuously joined to the undamaged bench top. However, you can choose to pay the extra \$3,000 it would cost to have all bench tops matching and achieve a uniform appearance.
Less excess payable	\$700	
<b>Total claim amount paid</b>	<b>\$4,300</b>	