

AAMI HOME CONTENTS 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 Contents 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 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 and/or unit
Construction material and other characteristics of the building and/or unit where your contents are kept
How the building and/or unit is occupied
Contents Sum Insured
The options you have chosen
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 your 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 contents 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.

Extra cover excess

The extra cover excess is \$100.

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

Your 'Contents sum insured' (shown on your certificate of insurance) is \$104,000. This is made up of 'Contents' insured for \$100,000 and 'Specified contents' insured for \$4,000, which consists of 2 paintings listed at \$2,000 each. You have a necklace that you have not specified on your policy which is valued at \$3,000. Unfortunately, there has been an electrical fault at your home causing the building to catch fire and all of your contents are destroyed. You have a \$500 AAMI Flexi-Premium excess.

How much we pay		Additional information
Contents sum insured	\$100,000	We are satisfied with the evidence you have provided us about the contents you have lost in the fire. We determine what contents we will cash settle and what contents we will replace through our suppliers. As the \$3,000 necklace lost in the fire was not specified, cover is limited to \$1,000 (unlisted jewellery is limited to \$1,000 per item or set) and is included within the 'Contents' sum insured limit.
Specified contents	\$4,000	We are satisfied with the evidence you have provided us about the paintings lost in the fire. We pay you directly for the loss of the listed paintings.
Removal of debris	\$1,500	We will pay up to 10% of the contents sum insured under the 'Removal of debris' additional feature. We pay \$1,500 to a contractor to remove the damaged contents.
Less excess payable	\$500	
Total claim amount paid	\$105,000	

Example 2 – Partial loss – Extra cover portable valuables – Extra cover unspecified items

You have \$3,000 Extra cover portable valuables –Extra cover unspecified items cover. Whilst bushwalking you accidentally dropped your camera and it is damaged. We decide your camera cannot be economically repaired and needs to be replaced. The cost to replace the camera is \$1,200 and the extra cover excess is \$100.

How much we pay		Additional information
Cost to replace your camera	\$1,000	Although the actual cost to replace your camera is \$1,200, the most you can claim under Extra cover unspecified Items for any one item is \$1,000.
Less excess payable	\$100	
Total claim amount paid	\$900	As the sum insured is not enough to replace the camera, we pay this amount to you. We keep the damaged camera.

Example 3 – Partial loss – Extra cover portable valuables - Extra cover specified items

You have insured your engagement ring for \$6,000 under Extra cover portable valuables – Extra cover specified items. While you were swimming at your local beach your ring slipped off your finger and you are unable to find it. You have a \$100 extra cover excess.

How much we pay		Additional information
Cost to replace your ring	\$5,000	We replace your lost ring new for old within your sum insured for the amount it costs us to do so, up to the sum insured. In this instance our jewellery supplier has invoiced us \$5,000 to replace your ring with one of the same specifications.
Less excess payable	\$100	
Total claim amount paid	\$4,900	As we have replaced your listed engagement ring, this listed item is removed from your policy and there is no premium refund. If you want to cover the replacement ring for more than the basic cover limits this policy provides, you will need to ask us to do this and pay the additional premium we require.

Example 4 – Partial loss – Spoiled frozen food and Motor burnout

Your 5 year old fridge/freezer has broken down and the repairer's report confirms that the motor has burnt out. You have \$220 spoiled food that requires throwing out. The fridge/freezer has a smell of rotten food which cannot be removed. Your AAMI Flexi-Premium excess is \$200.

How much we pay		Additional information
Cost to replace food	\$220	We cover the cost to replace your food under the additional cover 'Food and medication spoilage' up to \$400. 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 up to the age of 7 years under additional cover 'Motor burnout'. In this case the motor requires replacement. We will pay you for the cost of the motor. The defrosted frozen 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 Motor burnout additional feature. In addition, consequential losses (such as the cost of cleaning the rotten food smell) are also specifically excluded under this policy.
Less excess payable	\$200	No excess applies to a claim made under additional cover 'Food and medication spoilage', but the AAMI Flexi-Premium excess applies to the claim for the burn out of the fridge motor.
Total claim amount paid	\$420	

Example 5 – Legal Liability cover

While riding a pushbike along the road, your son who lives with you accidentally rode in to a parked car causing damage and scratches to the paintwork of the vehicle and we or a Court of Law decide your son is liable. The cost to repair the damage to the vehicle is \$2,000. Your AAMI Flexi-Premium excess is \$400.

How much we pay		Additional information
Repair cost 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	\$400	
Total claim amount paid	\$1,600	

Example 6 – Partial loss – Fire Damage

One evening at home, a candle is accidentally knocked onto a single lounge chair which catches fire. When the fire was extinguished the chair was damaged beyond repair but the remaining pieces of the lounge suite were undamaged. The chair cannot be replaced to match the other pieces of the suite. You have a \$400 AAMI Flexi-Premium excess.

How much we pay		Additional information
Cost to replace the fire-damaged chair.	\$1,000	This is the cost of a single chair replacement. We pay the supplier. Whilst the amount to replace the entire lounge suite is \$3,000, your cover is limited to the cost of replacing only the damaged chair. This policy does not provide cover to replace undamaged parts of the lounge suite, but you can pay the extra cost of replacing the undamaged parts to achieve a uniform appearance (see page 55 of your PDS for full details).
Less excess payable	\$400	
Total claim amount paid	\$600	