

AAMI LANDLORD 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 Landlord Insurance Product Disclosure Statement (**PDS**) dated 18/10/13.

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 and/or unit
Construction material and other characteristics of the building and/or unit
The type of insurance you have chosen (building, contents or both)
Any options you have chosen
The Building Sum Insured (unless you have chosen the Complete Replacement Cover® option)
Landlord Contents Sum Insured
Our estimate of the rebuilding cost of the building (if you have chosen the Complete Replacement Cover® option)
Your AAMI Flexi-Premium excess

Paying by instalments

Your rated 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 discount we offer is the AAMI Association 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.

Government taxes and charges

After we have calculated the amount to cover your landlord 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 \$200 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 the 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 – landlord building and landlord contents claim when the Complete Replacement Cover option is chosen

The building is insured with the Complete Replacement Cover option chosen. You have your landlord contents insured for \$10,000 to cover your carpets and curtains. The city where the building is located has been hit by a major cyclone and was one of the many destroyed during the event, along with your landlord contents. You have selected a \$500 AAMI Flexi-Premium excess for each of the building and landlord contents policies.

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.
Landlord contents	\$ 10,000	We are satisfied with the evidence you have provided us about the landlord contents lost during the cyclone. We determine what contents we will cash settle and what contents we will replace through our suppliers.
Removal of debris	\$41,000	As you have the Complete Replacement Cover option for the building, we will pay for the reasonable and necessary costs* for clearing the site of building debris. The cost of clearing the building debris is \$40,000. Under your landlord contents cover, you are also covered for the reasonable and necessary costs for removal of contents debris, which in this instance is \$1,000. * Note: When the Complete Replacement Cover® option is not chosen, removal of debris cover for the building is limited to 10% of the building sum insured.
Loss of rent following an insured event	\$20,000	Because you have chosen to replace the building, you are entitled to claim under this Additional feature. Your tenant was paying \$500 per week rent and it takes 40 weeks for the new building to be ready for a new tenant.
Total amount claimable	\$671,000	
Less excess payable	\$500	You only pay the higher of the building or landlord contents excesses.
Total claim amount paid	\$670,500	

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

The building is insured with a sum insured of \$350,000 (shown on your certificate of insurance) and you have not insured the landlord contents. Your city has been hit by a major cyclone and the building was one of many destroyed during the event. 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 certificate of insurance shows your sum insured 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.
Loss of rent following an insured event	\$15,000	Because you have chosen to replace your landlord building, you are entitled to claim under this additional feature. Your tenant was paying \$375 per week rent and it takes 40 weeks for the new landlord building to be ready for a new tenant.
Total amount claimable	\$390,000	
Less excess payable	\$500	
Total claim amount paid	\$389,500	

Example 3 – Partial loss – Motor burnout

The ducted air conditioning unit motor attached to the building 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 direct.
Less excess payable	\$100	
Total claim amount paid	\$500	

Example 4 – Partial loss – Accidental breakage of fixed glass

Your tenant is having a shower and accidentally slips and falls 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	
Total claim amount paid	\$600	

Example 5 – Legal Liability – Landlord building claim

You have insured the building and your tenant has made a claim against you for his out of pocket expenses and loss of wages for the amount of \$10,000 arising from an injury he sustained when he tripped over a large crack running across the driveway of your investment property. We or a Court of Law decide you are liable. You have a \$500 AAMI Flexi-Premium excess.

How much we pay		Additional information
Total amount of claim	\$10,000	We pay this amount to the injured party.
Less excess payable	\$500	
Total claim amount paid	\$9,500	

Example 6 – Partial loss – Building only fire Damage

While your tenant was cooking dinner, the phone rang and your tenant 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	
Less excess payable	\$700	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.
Total claim amount paid	\$4,300	

Example 7 – Loss of rent – tenant default

You own a townhouse and have insured your landlord contents for \$30,000. Your tenant absconds without paying 8 weeks' rent at \$1,000 per week, thereby owing \$8,000 in unpaid rent. You have the Tenant Protection Option on your policy and you have a \$500 AAMI Flexi-Premium excess.

How much we pay		Additional information
Reimbursement of lost rent	\$4,000	Your policy does not cover the first four weeks of unpaid rent (4 X \$1,000 = \$4,000). Therefore, we deduct \$4,000 from the amount the tenant owes you (\$8,000 - \$4,000 = \$4,000). Note: Cover is limited to \$6,000 in total for Loss of rent – tenant default.
Less excess payable	\$500	
Total claim amount paid	\$3,500	

Example 8 – Loss of rent – tenant default, Theft or burglary by tenant and Malicious acts by tenant

You have insured the building and your tenant absconds without paying 20 weeks' rent at \$1,000 per week. Before leaving, the tenant deliberately kicks and punches holes in every interior wall of the building causing \$40,000 damage, and steals the built-in dishwasher worth \$2,500. You have the Tenant Protection option on your policy and you have a \$500 AAMI Flexi-Premium excess.

How much we pay		Additional information
Loss of rent – tenant default	\$6,000	Your policy does not cover the first four weeks of unpaid rent (4 X \$1,000 = \$4,000). Therefore, we deduct the \$4,000 from the amount the tenant owes you (\$20,000 - \$4,000 = \$16,000). Cover is limited to \$6,000 in total for Loss of rent – tenant default. After deducting the first four weeks' unpaid rent, the amount you are claiming is still over the \$6,000 limit, so this limit applies.
Theft by tenant	\$2,500	We are treating the Loss of rent - tenant default, Malicious damage and Theft as a single claim. Therefore, although we usually deduct first four weeks' rent from Theft by tenant claims, this amount has already been deducted from the Loss of rent - tenant default component of your claim.
Malicious acts by tenant	\$30,000	Although the damage to the interior walls of the building caused by your tenant is \$40,000, the limit under this cover is \$30,000.
Excess payable	\$500	
Total claim amount paid	\$38,000	