

AAMI COMPREHENSIVE MOTORCYCLE INSURANCE

– PREMIUM, EXCESSES & CLAIMS GUIDE

This AAMI Comprehensive Motorcycle Insurance Premium, Excesses & Claims Guide (**Guide**) is designed to provide you with additional information about the excesses that may apply to the AAMI Comprehensive Motorcycle 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 Motorcycle Insurance Policy – Product Disclosure Statement (PDS), which shows a completion date of 17 November 2009 on page 6, and your Policy schedule.

This Guide applies to new policies quoted for on or after 14 November 2011. It also applies to renewal policies with a due date on or after 23 December 2011.

In the rest of this Guide we use the term 'bike' to describe both motorcycles and scooters.

1. How does AAMI calculate your Policy premium?

When you apply for AAMI comprehensive bike insurance, we will always ask you some important questions about your bike, who will ride it, and the type of riding 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.

The pricing factors we may use include:

- The age of the main rider
- The gender of the main rider
- The agreed value of the bike
- What the bike is used for
- Whether you select a Flexi-Premium excess
- Whether the premium is paid by instalments
- Whether the bike is under finance
- Whether the Policy has been extended to cover protective clothing
- The rating AAMI awards you on your Policy
- Whether you are eligible for an Earned Safe Rider Discount on your Policy
- Whether you are eligible for an AAMI Skilled Drivers Discount on your Policy

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 bike 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 bike 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 bikes 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 bike 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 bike 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 bike 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.								
	NSW	ACT	VIC	QLD	SA	WA	NT	TAS	
	\$550	\$550	\$550	\$500	\$400	\$400	\$400	\$400	
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:								
	\$95	\$150	\$250	\$550	\$1,050	\$1,550			
	Any flexi-premium excess you select will reduce your risk-based premium. Please call us on 13 22 44 if you would like to take up or change a flexi-premium excess.								
Age	This excess is additional to any other excesses if your motorcycle was being ridden by a person in certain age ranges. The age excess on your Policy depends on where you live and if the rider is listed on your Policy schedule.								
	Age	NSW	ACT	VIC	QLD	SA	WA	NT	TAS
	16 and under 24 listed	\$600	\$600	\$600	\$600	\$400	\$400	\$400	\$400
	16 and under 24 not listed	\$1,400	\$1,400	\$1,400	\$1,400	\$1,200	\$1,200	\$1,200	\$1,200
Additional	This excess may be imposed in special circumstances, for example on high performance bikes. 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).								
Inexperienced Driver	This excess is additional to any other excesses if your motorcycle was being ridden by a person who is 24 years and over and who has held their bike licence for less than two years. The inexperienced rider excess on your Policy depends on where you live and if the rider is listed on your Policy schedule.								
	Age	NSW	ACT	VIC	QLD	SA	WA	NT	TAS
	24 and over but licensed under 2 years listed	\$400	\$400	\$400	\$400	\$200	\$200	\$200	\$200
	24 and over but licensed under 2 years not listed	\$1,200	\$1,200	\$1,200	\$1,200	\$1,000	\$1,000	\$1,000	\$1,000

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 rider 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 bike 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 bike 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 bike that can be repaired (plus a claim for emergency costs)
2. A claim for accident damage to your bike that writes it off (plus a claim for protective clothing)
3. A claim for the theft of your bike
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.
- Example 3(b) assumes that \$5,000 of optional protective clothing cover has been purchased.
- 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.

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

When riding your bike from your home in Sydney to your friend's home in Melbourne for a four-day long weekend, you drop the bike when breaking heavily for a red traffic light in Albury. You aren't injured but your bike is damaged and cannot be ridden.

You call AAMI from the accident scene and we arrange for a tow truck to transport your bike 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 bike 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 bike, 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 bike 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 vehicle relocation fee of \$150).	We pay up to \$500 of the overall cost of your essential accommodation and travel expenses. In this example these expenses are \$485 in total, so the policy limit is not reached.
\$115	We reimburse you for the cost of your overnight motel accommodation in Albury.	
\$180	We pay for the transport fee from the accident scene to the Albury vehicle repairer.	We pay the reasonable cost of transporting your bike, if it cannot be safely ridden, 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 bike repairer for the full cost of the authorised repairs.	We cover your bike 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 bike safe after an accident (see page 12)
3. Emergency costs – accident (see pages 12 – 13)
4. If your bike has been damaged and... cannot be safely ridden (see page 22)

3(b). A claim for accident damage to your bike that writes it off (plus a claim for protective clothing)

Your bike is three years old and is insured, through an annual premium payment, for an agreed value of \$12,000. When you purchased your policy you also extended it to cover your protective clothing for \$5,000, in case it's damaged if you have an accident on your bike.

When riding your bike you collide with a car that has failed to give way at an intersection. You aren't injured but your bike is heavily damaged and cannot be ridden. Your helmet is also damaged and your riding jacket, pants and gloves are all torn beyond repair. The driver of the 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 bike to your nearest AAMI Customer Service Centre (cost \$200). We assess your bike as being a statutory write-off since its chassis is heavily bent. This type of damage cannot be repaired. You tell us that you don't want to keep any part of your damaged bike (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 also ask you to obtain quotes from a bike accessories store for the cost of a new helmet, riding jacket, pants and gloves. We review these quotes and agree that the items quoted are equivalent to the items that were damaged and that the quoted prices are reasonable (\$1,720 in total). We also deposit \$1,720 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 bike, if it cannot be ridden, to your local AAMI Customer Service Centre.
\$11,750	Since your bike 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 bike's registration and CTP insurance premium.	When a bike 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 bike (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 bike'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 bike is under finance we will first pay the financier what you owe and then pay you any balance.
\$850	We pay you the cost of the replacement helmet.	Protective clothing cover is optional under the Policy. You can extend your Policy to cover your protective clothing for an amount as low as \$200, to as high as \$5,000.
\$600	We pay you the cost of the replacement bike jacket.	
\$180	We pay you the cost of the replacement riding pants.	
\$90	We pay you the cost of the replacement pair of riding gloves.	
Payment: \$13,670	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 bike

You insured your brand new bike with AAMI for an agreed value of \$14,000.

Six months later you rode it to the local shopping centre and parked it in the bike bay. When you returned with your shopping an hour later your bike was gone.

You immediately called the police and reported your bike 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 bike 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 bike and that you own it. AAMI also spoke to you about the circumstances of the theft. 14 days after you lodged your claim your bike still hadn't been found. Since AAMI was satisfied at that time that your claim was in order, and agreed that your bike was a write-off within the first two years of its original registration, AAMI replaced your bike with a brand new bike (\$13,990) and paid for the new bike's initial on-road costs (\$1,375). The replacement bike was of the same make, model and series as your stolen bike and it was locally available.

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

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 bike is stolen. Our standard conditions for hire cars apply. See pages 14 – 16 of the PDS.
\$13,990	We pay to purchase your replacement bike, brand new from an authorised bike dealer.	When we pay to replace your bike, 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 bike's initial on-road costs, including its first year of registration, compulsory third party insurance and stamp duty.	
Payment: \$16,520	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 bike (see pages 9, 10, 26 – 27)

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

When riding your bike in heavy traffic, you brake too late and collide with the rear of a sports car. You don't fall from your bike and your bike isn't damaged, however its front wheel 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 \$1,150 (made up of your standard excess of \$550 plus an age excess of \$600 since in this example you are a 19 year old male listed on the policy).

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 bike 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.

4. Financial Claims Scheme

This policy 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 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.

Information about the FCS can be obtained from APRA at www.apra.gov.au or by calling 1300 55 88 49.