

# AAMI THIRD PARTY PROPERTY DAMAGE MOTORCYCLE INSURANCE – PREMIUM, EXCESSES & CLAIMS GUIDE

This AAMI Third Party Property Damage Motorcycle Insurance Premium, Excesses & Claims Guide (**Guide**) is designed to provide you with additional information about the excesses that may apply to the AAMI Third Party Property Damage 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 Third Party Property Damage Motorcycle Insurance Policy – Product Disclosure Statement (PDS), which shows a completion date of 17 November 2009 on page 4, and your Policy schedule.**

**This Guide applies to new policies quoted for on or after 5 November 2012. It also applies to renewal policies with a due date on or after 5 November 2012.**

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 third party property damage bike insurance, we will always ask you some important questions about your bike and who will ride it. We will also ask you other questions, such as whether you would like to extend your Policy to cover fire and theft damage to your bike, up to \$5,000, 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 postcode where your bike is garaged at night
- The type of bike (for example sports or scooter)
- Whether the premium is paid by instalments
- Whether the Policy has been extended to cover fire and theft

We *previously* took the pricing factor of bike use (for example, private or business) into account, however since this Guide applies we do not.

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 third party property damage 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 third party property damage 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 third party property damage 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?

From time to time AAMI may advertise third party property damage 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 third party property damage 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 excess(es) 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.								
	<b>NSW</b>	<b>ACT</b>	<b>VIC</b>	<b>QLD</b>	<b>SA</b>	<b>WA</b>	<b>NT</b>	<b>TAS</b>	
	\$550	\$550	\$550	\$500	\$400	\$400	\$400	\$400	
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.								
	<b>Age</b>	<b>NSW</b>	<b>ACT</b>	<b>VIC</b>	<b>QLD</b>	<b>SA</b>	<b>WA</b>	<b>NT</b>	<b>TAS</b>
	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 rider	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.								
	<b>Age</b>	<b>NSW</b>	<b>ACT</b>	<b>VIC</b>	<b>QLD</b>	<b>SA</b>	<b>WA</b>	<b>NT</b>	<b>TAS</b>
	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 legal liability, theft or fire damage claim. When a standard excess applies to your Policy, any age, additional or inexperienced rider excess may also be payable, if it is applicable to the event type. An excess is not payable if you make a valid claim under the uninsured motorist extension of your Policy, since you would have provided to us the name, address and vehicle registration number of the responsible driver.

See page 23 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 third party property damage 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 three of the most common types of third party property damage 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 legal liability claim where someone is making a demand against you
2. A claim for damage to your bike caused by an uninsured motorist
3. A claim for the theft of your bike (includes a write-off payment & theft hire car)

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(c) assumes that the Policy has been extended to cover fire and theft for up to \$5,000.
- 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 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, 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 page 7)

### 3(b). A claim for damage to your bike caused by an uninsured motorist

When riding your bike you collide with a car that has failed to give way at an intersection controlled by a stop sign. The driver of the car immediately behind you witnesses the accident.

You aren't injured but your bike is damaged and cannot be ridden. The driver who caused the accident stops and gives you their name, address and their car's registration number. They sign a short note explaining that they have no property damage insurance at all on their car. The witness also provides you with their contact details.

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 \$250).

We review the circumstances of your claim and agree you are entitled to cover under the uninsured motorist extension of your policy. This is because you did not cause the accident, the driver who did was not insured for the damage they caused and you've provided us with their name and address and their car's registration number.

We assess your bike as being repairable, at a cost of \$2,675. We organise for its repair. We keep you informed of the progress of the repairs and you pick up your repaired bike after six days.

There is no excess to pay on an uninsured motorist extension claim, since AAMI is in a position to attempt to recovery the cost of your repairs from the responsible driver.

We would calculate our claim payments on the following basis:

How much we pay	Additional information	What policy limits apply?
\$250	We pay for the towing fee from the accident scene to your nearest AAMI Customer Service Centre.	Provided the maximum amount covered of \$3,000 is not exceeded, we pay the reasonable cost of transporting your bike, if it cannot be safely ridden, to your local AAMI Customer Service Centre.
\$2,675	We pay the bike repairer for the full cost of the authorised repairs.	The amount covered for the uninsured motorist extension is the current market value of your bike up to \$3,000.
<b>Payment: \$2,925</b>	<b>This is the total amount we pay to various parties to settle your claim.</b>	

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

1. Damage caused to your bike by an uninsured motorist (see pages 7 – 8)

### 3(c). A claim for the theft of your bike (includes a write-off payment & theft hire car)

When you purchased your policy you paid us an extra premium to extend it to cover damage caused by fire or theft for the current market value of your bike up to \$5,000. You paid your premium in one annual payment.

During your period of cover you rode your bike 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:** 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 standard policy excess of \$550. AAMI organised a hire car for you, which you were able to drive for 21 days (cost to AAMI \$1,155).

AAMI assessed your bike's market value to be \$6,000 at the time of its theft. AAMI asked you to provide documents to show when you had bought your bike, 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 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, we pay you \$5,000.

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 10 – 11 of the PDS.
\$5,000	Although your bike had a market value of \$6,000 at the time of its theft, the limit of AAMI's liability to you is \$5,000, which is the maximum amount covered under the fire and theft extension of the Policy. Since you have already paid your \$550 standard excess, we pay you \$5,000.	The amount covered for the fire and theft extension is the current market value of your bike up to \$5,000.
<b>Payment: \$6,155</b>	<b>This is the total amount we pay to various parties to settle your claim.</b>	

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

1. Fire and theft extension – an additional premium is payable (see page 10)

## **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](http://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](http://www.apra.gov.au) or by calling 1300 55 88 49.