



SHARE THE PASSION

**PREMIUMS, EXCESSES,
DISCOUNTS AND CLAIMS
PAYMENT GUIDE**

HOME & CONTENTS INSURANCE

INSURANCE FOR MOTORING ENTHUSIASTS

PREMIUMS, EXCESSES, DISCOUNTS AND CLAIMS PAYMENT GUIDE

The Premiums, Excesses, Discounts and Claims Payment 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 Shannons Home & Contents Insurance Product Disclosure Statement (**PDS**) dated 05/09/17.

This PED Guide is relevant to you if you purchased your policy on or after 16/10/17 or your policy's renewal date is on or after 13/11/17.

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 and other factors related to our cost of doing business. The premium includes any discounts we give you as well as any applicable stamp duty, goods and services tax (GST), charge and levy. Your certificate will show 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 those 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 charges 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 |
|---|
| The address where the home and/or contents are located |
| Home and/or contents sum insured |
| The construction material and other characteristics of the home |
| The year the home was built |
| The policy options you have chosen |
| The excess you choose |
| How the building and/or unit is occupied |

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, charges and levies.

Occasionally special discounts or promotions are offered in our marketing campaigns. If we do this, separate terms and conditions may apply.

If you are eligible for more than one discount, we usually apply any subsequent discount to the already discounted premium. The amount and type of discounts offered can change or be withdrawn.

Our policies may be subject to minimum premiums. Discounts will not reduce a premium below the minimum premium.

Multi-policy discount

We might reward you with a discount for having more than one policy with us. Some policies are not eligible for a discount and whether or not we give you a discount can also depend on the combination of products you hold with us. To find out more about the multi-policy discount, please phone us on 13 46 46.

Security discount

When calculating your premium we take into account what type of security you have in your home. Different types of security measures provide different levels of protection and we offer various discounts based on the level of security you have.

Government taxes and charges

Home and contents insurance policies are subject to stamp duty, imposed by state and territory governments, GST and if applicable other government charges and levies.

Excesses

The excesses that apply to your policy are stated on your certificate. The different types of excesses are:

Home and contents excess

The home and/or contents excess that applies to your policy can vary based on our assessment of the risk. If you apply to vary your home and/or contents excess and we agree to the variation, your home and/or contents excess will be the amount chosen by you from our range.

Personal effects excess

The personal effects - unspecified items excess that applies to your policy can vary based on our assessment of the risk. If you apply to vary your personal effects - unspecified items excess and we agree to the variation, your personal effects - unspecified items excess will be the amount chosen by you from our range.

The personal effects - specified items excess that applies to your policy can vary based on our assessment of the risk. If you apply to vary your personal effects - specified items excess and we agree to the variation, your personal effects - specified items excess will be the amount chosen by you from our range.

Enthusiast items excess

The enthusiast items excess that applies to your policy can vary based on our assessment of the risk. If you apply to vary your enthusiast items excess and we agree to the variation, your enthusiast items excess will be the amount chosen by you from our range.

Claims payment examples

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. Shannons always determines real claim payments on an individual basis, after we have assessed each claim. You should read the PDS and your certificate for full details of what we cover as well as what policy limits, excesses, conditions and exclusions apply.

Notes about the claims 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 named insured is not registered for GST.

The claims payment examples that apply to your policy depend on whether you have:

- home and/or contents cover when you own the home and live in it or contents cover for your contents if you live in a unit or are a tenant; or
- home cover when you own the home and rent it out.

Home and/or contents cover when you own the home and live in it or contents cover for your contents if you live in a unit or you are a tenant

Example 1 - Legal liability cover

You have insured your home. While you were mowing your front lawn a stone is thrown up by the mower and hits a person walking along the footpath past your front yard and causes injury to them.

You advise that a claim has been made against you and we engage lawyers on your behalf. A court decides that you are liable to pay \$10,000 to the injured person who has made a claim against you. A home excess of \$200 applies to your policy.

| HOW MUCH WE PAY | | FURTHER INFORMATION |
|--|-----------------|---|
| An indemnity for your liability for personal injury to a third party | \$10,000 | Under 'Legal Liability', we cover your legal liability up to \$20 million, including all associated legal costs we have agreed to pay following your claim. We pay the person who claimed against you \$10,000. |
| Legal fees | \$10,000 | Lawyers' fees to defend you are \$10,000. We pay the law firm for their fees. |
| Less excess | -\$200 | You pay us your excess before we settle your claim. |
| Total Claim | \$19,800 | |

Example 2 – Accidental damage to contents

You have insured your contents for \$60,000. You have also selected and paid for the optional 'Accidental loss or damage cover' and this is shown on your certificate. A new entertainment unit for your television is delivered to your house. While you were carrying your television across the lounge room to put it on the new entertainment unit you stumbled on a floor rug and dropped it on the timber floor. The television no longer works when you try to turn it on. A contents excess of \$200 applies to your policy.

| HOW MUCH WE PAY | | FURTHER INFORMATION |
|--------------------|----------------|--|
| Television | \$3,200 | As the television cannot be repaired we decide to replace the television on a new for old basis. We arrange with a supplier for a replacement television. Although the retail price of the television is \$3,500 it costs us \$3,200 to replace the television for you through our supplier. |
| Less excess | -\$200 | You pay us your excess before we settle your claim. |
| Total Claim | \$3,000 | |

Example 3 – Accidental damage to home

Your home sum insured is \$350,000. You have also selected and paid for the optional 'Accidental loss or damage cover' and this is shown on your certificate. While carrying a ladder down the hallway to check the batteries in your smoke detectors you accidentally hit the wall with the ladder and made a large hole in the wall. The cost to repair this accidental damage is \$1,100. A home excess of \$200 applies to your policy.

| HOW MUCH WE PAY | | FURTHER INFORMATION |
|--------------------|--------------|--|
| Hallway repairs | \$1,100 | We arrange for a builder to repair the hole in your wall and repaint the damaged area. We pay the builder \$1,100. |
| Less excess | -\$200 | You pay us your excess before we settle your claim. |
| Total Claim | \$900 | |

Example 4 – Theft of contents, replacement of locks and keys

You have insured your contents for \$50,000. Electrical items with a retail replacement value of \$4,000 were stolen from your home as well as spare keys for the house that were sitting on the kitchen bench top. While gaining entry to the home the thieves also damaged the front door lock. A contents excess of \$200 applies to your policy.

| HOW MUCH WE PAY | | FURTHER INFORMATION |
|--------------------|----------------|---|
| Electrical items | \$3,700 | We have decided to replace the electrical items for you on a new for old basis. We arrange the replacement items for you with a supplier. Although the retail price of the items is \$4,000, it costs us \$3,700 to replace the items for you through our supplier. |
| Locks and keys | \$1,000 | You arrange for the replacement of all external door and window locks and keys. Under the 'Lock replacement (after theft of keys)' additional cover you are covered for a maximum of \$1,000. We reimburse you \$800. |
| Less excess | -\$200 | Your \$200 contents excess for your contents claim has been deducted from the reimbursement of locks and key replacement costs. |
| Total Claim | \$4,500 | |

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Example 5 – Damage to enthusiast items: motoring memorabilia

You have insured your contents for \$80,000 and also taken out the optional 'Accidental loss or damage cover'. You automatically have cover for loss or damage to enthusiast items under the additional cover 'Enthusiast items'. Because you have selected the optional 'Accidental loss or damage cover' then accidental loss or damage is an insured event and cover is provided for enthusiast items for up to \$10,000 in total. While you were carrying items over to a newly purchased memorabilia display you stumbled on a floor rug and knocked the display and its contents over. A number of model cars were damaged when they fell to the floor. An enthusiast items excess of \$200 applies to your policy.

| HOW MUCH WE PAY | | FURTHER INFORMATION |
|--------------------|----------------|--|
| Memorabilia | \$3,000 | We arrange for replacement of the model cars and for them to be sent to you from a specialist hobby shop. The model cars cost \$3,000 to replace. We pay the hobby shop the \$3,000. |
| Less excess | -\$200 | You pay us your excess when the replacement model cars are sourced. |
| Total Claim | \$2,800 | |

Example 6 – Total loss, removal of debris, other repair/rebuilding costs

Your home sum insured is \$350,000. Your contents sum insured is \$80,000 and you have selected optional 'Personal effects - unspecified items' cover of \$3,000. There is a fire at your home and we determine that your home and contents are a total loss. A \$500 home excess, a \$500 contents excess and a personal effects - unspecified items excess of \$100 apply to your policy.

| HOW MUCH WE PAY | | FURTHER INFORMATION |
|--------------------------------------|------------------|--|
| Building costs | \$340,000 | We decide to rebuild your home new for old and it costs us \$340,000. We pay the builder \$340,000. |
| Removal of debris | \$20,000 | Before rebuilding commences it costs \$20,000 to demolish and remove the damaged structure and we assess these costs to be reasonable. Under the additional feature 'Removal of debris' we will pay reasonable costs for demolishing and removing damaged parts of your home up to 10% of your home sum insured. We pay the builder directly. |
| Architect's Fees | \$12,000 | We decide that it is necessary to engage an architect to design your replacement home. Under the additional feature 'Other repair/rebuilding costs' we will pay the reasonable costs for the services of professionals such as architects up to 10% of the sum insured of your home. We pay \$12,000 directly to the architect. |
| Extra rebuilding costs | \$20,000 | As your home is located in a cyclone risk area and prior to the loss your home did not comply with the relevant building code that came into effect after your home was built, under the 'Other repair/rebuilding costs' additional feature we pay up to 10% of the home sum insured for the extra building costs necessary to make your new home compliant with that building code. These extra rebuilding costs are \$20,000. We pay this directly to the builder. |
| Contents | \$80,000 | We are satisfied with the evidence you have provided us about the contents you have lost in the fire. Our settlement to you is a combination of replacement through our suppliers and cash. |
| Personal effects - unspecified items | \$3,000 | |
| Temporary accommodation | \$26,000 | Under the 'Temporary accommodation when you have home cover' 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 your home up to 20% of the home sum insured. In this case, you needed 40 weeks temporary accommodation and this costs \$26,000. We will either pay the costs you incur direct to the accommodation supplier or reimburse you these costs. |
| Less excess | -\$500 | As you are claiming under both home and contents arising from the same incident, you pay the higher of your home and contents excesses. In this case they are the same. We deduct the applicable \$500 excess from the settlement. In this case, because your contents excess is higher than your personal effects excess, your personal effects excess does not apply. |
| Total Claim | \$500,500 | |

Example 7 – Personal effects - unspecified items

You have the optional cover 'Personal effects - unspecified items' shown on your certificate. Whilst bushwalking you accidentally drop 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 a \$100 personal valuables - unspecified items excess applies to your policy.

| HOW MUCH WE PAY | | FURTHER INFORMATION |
|--------------------|--------------|--|
| Damaged camera | \$1,000 | The most you can claim under Personal effects - unspecified items cover for any one item is \$1,000. |
| Less excess | -\$100 | We deduct your excess from the settlement we give you. |
| Total Claim | \$900 | |

Example 8 – Personal effects – specified items

You have insured your engagement ring for \$6,000 under the optional cover 'Personal effects - specified items' on your policy. While you were swimming at your local beach your ring slipped off your finger and you are unable to find it. A \$100 personal effects - specified items excess applies to your policy.

| HOW MUCH WE PAY | | FURTHER INFORMATION |
|--------------------|----------------|--|
| Engagement ring | \$5,000 | We will pay up to the sum insured shown on your certificate for the ring. We replace your lost ring new for old and arrange a jeweller to make a new ring of the same type, standard and specification. We pay the jeweller \$5,000. |
| Less excess | \$100 | You pay us your excess before we settle your claim. |
| Total claim | \$4,900 | As we have replaced your engagement ring this item is removed from your policy and there is no refund of unused premium. If you want to cover the replacement ring then you will need to apply for new cover. |

Home cover when you own the home and rent it out

Example 1 - Legal liability

You have insured your tenanted home. 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 injuries in a fall from tripping over a large crack running across the driveway of your property. We assess this claim and agree you are liable for this amount. A \$200 home excess applies to your policy.

| HOW MUCH WE PAY | | FURTHER INFORMATION |
|--|----------------|---|
| An indemnity for your liability for personal injury to a third party | \$10,000 | Under 'Legal liability', we cover your legal liability up to \$20 million, including all associated legal costs we have agreed to pay following your claim. We pay the person who claimed against you \$10,000. |
| Less excess | -\$200 | You pay us your excess before we settle your claim. |
| Total claim | \$9,800 | |

Example 2 - Total loss, removal of debris, other repair/rebuilding costs, loss of rent

You have insured your tenanted home for \$350,000. There is a fire at your home and we determine that your home is a total loss. Your home was rented under a rental agreement to a paying tenant at the time of the fire. A home excess of \$200 applies to your policy.

| HOW MUCH WE PAY | | FURTHER INFORMATION |
|------------------------|------------------|--|
| Building costs | \$340,000 | We decide to rebuild your home new for old and it costs us \$340,000. We pay the builder \$340,000. |
| Landlord furnishings | \$17,500 | Under the additional cover 'Landlord furnishings' we will pay up to 5% of your home sum insured towards replacing your domestic furnishings, furniture and carpet. We pay suppliers \$17,500. |
| Removal of debris | \$15,000 | Before rebuilding commences it costs \$15,000 to demolish and remove the damaged structure and we assess these costs to be reasonable. Under the additional feature 'Removal of debris' we will pay reasonable costs for demolishing and removing damaged parts of your home up to 10% of your home sum insured. We pay \$15,000 directly to the builder. |
| Architect's fee | \$12,000 | We decide that it is necessary to engage an architect to design your replacement home. Under the additional feature 'Other repair/rebuilding costs' we will pay reasonable costs for the services of professionals such as architects up to 10% of the sum insured of your home. We pay \$12,000 directly to the architect. |
| Extra rebuilding costs | \$20,000 | As your home is located in a cyclone risk area and prior to the loss your home did not comply with the relevant building code that came into effect after your home was built, under the 'Other repair/rebuilding costs' additional feature we pay up to 10% of the home sum insured for the extra building costs necessary to make your new home compliant with that building code. These extra rebuilding costs are \$20,000. We pay this directly to the builder. |
| Loss of rent | \$20,000 | We agree that the home is unable to be lived in and your tenants decide to find alternative accommodation during the time it takes to rebuild your home. Under the additional feature 'Loss of rent due to an insured event' you are covered up to the weekly rental amount (as defined in the PDS) for the reasonable amount of time it should take to repair or rebuild the home so it can be lived in again if we agree it cannot be lived in. We pay you for your loss of rent for the reasonable amount of time it takes to rebuild the home. |
| Less excess | -\$200 | We deduct your \$200 home excess from the settlement. |
| Total claim | \$424,300 | |

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Example 3 - Partial loss – Loss of rent – tenant default

Your home has a sum insured of \$260,000. Your tenant signed a 12 month written rental agreement where the weekly rent payable is \$350. Your tenant leaves the home without notice and owes you 12 weeks of rent until the end of the rental agreement. That same tenant also deliberately put a hole in one of the walls of your home. It takes you 10 weeks to secure a suitable replacement tenant. Your home excess is \$1,000.

| HOW MUCH WE PAY | | FURTHER INFORMATION |
|--------------------|----------------|---|
| Loss of rent | \$2,100 | Under the additional cover 'Loss of rent – tenant default' we will pay for loss of rent if your tenant permanently leaves the home without giving you notice. The first 4 weeks of lost rent is not claimable. After the first 4 weeks we will pay loss of rent for up to a further 14 weeks or until the date of a new rental agreement (whichever happens first). As you secure a new tenant after 10 weeks we pay you for 6 weeks at \$350 per week. |
| Less excess | \$0 | No excess applies to the 'Loss of rent - tenant default' cover (but there is a four week wait period as explained above). |
| Damage to wall | \$0 | As your home excess of \$1,000 is more than the cost to repair the damage to the wall, you decide to withdraw this claim. |
| Total claim | \$2,100 | |

Example 4 - Partial loss, landlord furnishings, loss of rent following an insured event

Your home has a sum insured of \$400,000. Your tenant's weekly rent is \$450. During a severe storm your home partially loses its roof and rainwater damages the carpets in the lounge room. A home excess of \$200 applies to your policy.

| HOW MUCH WE PAY | | FURTHER INFORMATION |
|--------------------|-----------------|---|
| Roof repairs | \$15,000 | We cover what it costs to repair the roof and arrange for a builder to carry out the repairs. We pay \$15,000 directly to the builder. |
| Carpet restoration | \$1,500 | Under the additional cover 'Landlord furnishings' we will pay up to 5% of your home sum insured for loss or damage to your domestic furnishings, furniture and carpet caused by an insured event. In this instance we pay the carpet cleaners for the restoration of the carpet. |
| Loss of rent | \$900 | Your tenant needs to move out for two weeks while repairs are completed. Under the additional feature 'Loss of rent due to an insured event' you are covered up to the weekly rental amount (as defined in the PDS) for the reasonable amount of time it should take to repair or rebuild the home so it can be lived in again if we agree it cannot be lived in. We pay you for your loss of rent for the reasonable amount of time it takes to repair the home. |
| Less excess | -\$200 | You pay us your excess before we settle your claim. |
| Total claim | \$17,200 | |

Example 5 - Partial loss, landlord furnishings, short term accommodation booking arrangement

Your home has a sum insured of \$350,000. You rent your home out as short term accommodation and have left a small amount of furniture in the home for the use of guests. A pipe bursts in the home causing water to flood the lounge room, and the carpet and sofa that were in the room are damaged and require replacement. While the home is being repaired you are unable to rent it out under a short term accommodation booking arrangement. The home excess of \$500 applies to your policy.

| HOW MUCH WE PAY | | FURTHER INFORMATION |
|--------------------|---------------|--|
| Sofa replacement | \$1000 | Under the additional cover 'Landlord furnishings' we will pay up to 5% of your home sum insured for loss or damage to your domestic furnishings, furniture and carpet caused by an insured event. In this instance you provide us with a quote to replace your sofa and we issue you a cash settlement from which we deduct your excess. |
| Carpet replacement | \$3500 | Under the additional cover 'Landlord furnishings' we will pay up to 5% of your home sum insured for loss or damage to your domestic furnishings, furniture and carpet caused by an insured event. In this instance we arrange for our supplier to replace your carpet. |
| Loss or rent | \$0 | As your home is tenanted under a short term accommodation booking arrangement there is no cover for loss of rent under the additional feature 'Loss of rent due to an insured event'. |
| Less excess | -\$500 | We deduct your excess from the cash settlement for the sofa. |
| Total Claim | \$4000 | |

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 extremely 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 people, who have valid claims connected with certain protected policies issued by that insurer to be paid certain amounts by APRA.

You can find more information about the FCS from APRA at www.fcs.gov.au

Report Insurance Fraud

Insurance fraud is not a victimless crime. It imposes additional costs on honest policy holders and wastes the valuable resources of our community. This means it affects everyone.

We actively pursue fraudulent and inflated claims in order to keep your premiums as low as possible. Fraudulent claims will be investigated and may be reported to the police.

Help us fight insurance fraud by reporting:

- inflated vehicle or home repair bills;
- staged vehicle or home incidents;
- false or inflated home or vehicle claims;
- home or vehicle fires which may be intentionally started, including by someone known to you.

To report suspected insurance fraud call: **1300 881 725**. Let's work together to reduce the impact of insurance fraud on the community.