

# YOUR GUIDE TO PREMIUMS, EXCESSES, DISCOUNTS AND CLAIMS PAYMENTS

HOME & CONTENTS INSURANCE



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INSURANCE FOR MOTORING ENTHUSIASTS

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## YOUR GUIDE TO PREMIUMS, EXCESSES, DISCOUNTS AND CLAIMS PAYMENTS

The purpose of this guide is to provide further details about the amount you pay for this insurance, the excesses that may apply and to give you some examples of how we may pay claims.

You should read this guide together with the Shannons Home & Contents Insurance Product Disclosure Statement (PDS) with a preparation date of 4 April 2011 and any Supplementary PDSs we have given you.

AAI Limited ABN 48 005 297 807 AFSL 230859 is the insurer of this insurance and is the issuer of the guide.

Shannons Pty Limited ABN 91 099 692 636 is owned by, and is an authorised representative (AR No. 239594) of AAI Limited. Shannons sells and administers insurance on behalf of the insurer, AAI Limited.

This guide applies to policies with a start date or renewal date on or after 1 July 2013.

### PREMIUMS - THE AMOUNT YOU PAY FOR THIS INSURANCE

The amount we charge for this insurance policy is the premium, consisting of the amount we calculate to cover the risk, plus GST and any relevant government charges (such as stamp duty). These amounts will be shown on your certificate.

### HOW VARIOUS FACTORS AFFECT YOUR PREMIUM

We consider a number of factors in calculating your premium and the amount you pay will depend on information that you give us about your building and contents.

We calculate your premium by taking into account the following 5 factors:

1. Pricing your risk
2. Discounts
3. Policy options
4. Excesses
5. Government charges

## PRICING YOUR RISK

When we calculate your premium there are a range of pricing factors we take into account.

The key factor that affects your premium is the number of covers you select. For example, if you select home building and home contents, this will be more expensive than if you only selected one of these covers.

The table below summarises the other most significant pricing factors and what impact they have on your premium.

FACTOR	REDUCES PREMIUM	INCREASES PREMIUM
The postcode where your home and/or contents are located	Lower risk postcode	Higher risk postcode
The sum insured you chose for your home and contents	Lower sum insured	Higher sum insured
The construction material of your home	-	Fibro
Security measures at your home	Alarm, deadlocks and keyed window locks	No security
The purpose for which your home is used	The owner as occupier	Holiday Home
The amount of your excess	A higher excess	A lower excess

## DISCOUNTS

### MULTI POLICY DISCOUNT

We offer a Multi Policy Discount on your Home policy if you have more than one insurance policy with us (excluding CTP). If you are eligible for a Multi Policy Discount, you will receive a 10% discount off your home insurance premium(s) (excluding government taxes and charges).

Note: This discount will apply from the purchase of the second policy and will also apply to additional Home policies upon their renewal.

### 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.

### POLICY OPTIONS

The following options may be obtained on application, for an additional premium. If an option applies to your policy it will be shown on your certificate.

POLICY OPTION	PREMIUM
Personal Effects – Unspecified and Specified	The premium we charge for these options depends on a range of factors, including the "Pricing Your Risk" factors above and the sum insured you have selected (including in the case of Specified Personal Effects, the sum insured you have chosen for each Specified Personal Effect).
Accidental Damage	

## EXCESSES

You may be entitled to vary your basic excess from our range of excess options. If you choose a higher basic excess on your policy this will reduce your premium. If you have chosen to reduce your basic excess this will increase your premium.

See page 3 for more information on varying your basic excess.

## GOVERNMENT CHARGES

GST and any relevant government charges (such as stamp duty) are calculated as the final step in the premium calculation. These amounts are shown on your certificate.

## PREMIUM AT RENEWAL

Each time you renew your policy, your premium is likely to change even if your personal circumstances have not changed. This is because premiums are also affected by other factors such as:

- the cost and frequency of claims we have paid to other customers;
- the cost and frequency of claims we expect to pay in the future;
- changes in government taxes or charges and
- our expenses of doing business

## EXCESS – AN AMOUNT YOU MAY HAVE TO PAY US AT CLAIM TIME

An excess is the amount you contribute towards your claims. The amount of your excess is shown on your current certificate. We will tell you when an excess is payable.

We will deduct the excess from the amount of cover under this policy and then pay you, or we will ask you to pay the excess to a supplier, repairer or us. We may require you to pay the excess in full before we pay your claim.

A basic excess applies to all claims for home, contents, personal effects, enthusiast items and legal liability. The standard amount of the basic excess is \$200. In rare circumstances, we may impose a higher basic excess due to your claims history.

You can also choose to vary your basic excess from a range of basic excess levels. You can choose between \$100, \$200 (the standard excess), \$300, \$500 and \$1,000. Unless we have imposed a higher basic excess for underwriting reasons, if you select a basic excess below the standard \$200 we will increase your premium and if you select a basic excess above \$200 we will decrease your premium.

## CLAIMS EXAMPLES – HOW SHANNONS HOME INSURANCE CLAIMS ARE PAID

The following examples are designed to illustrate how a claim payment is calculated and to assist you in understanding some of the important benefits of the policy. They are only examples to be used as a general guide; we determine real claim payments on an individual basis, after we have assessed each claim and based on the terms and conditions of the policy. The examples do not cover all claims scenarios or all benefits and do not form part of your policy terms and conditions. The examples assume that the policy holder is not registered for GST.

You should read the PDS and your policy certificate for full details of what we cover as well as what policy limits and exclusions apply.

### EXAMPLE 1 – LIABILITY INSURANCE

You have Home Insurance cover. 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. The excess that applies is \$200.

HOW MUCH WE PAY	FURTHER INFORMATION	
Damages	\$10,000	Under the section Legal Liability in your policy you are covered up to \$20,000,000 for any one occurrence. We pay the person who claimed against you \$10,000
Legal fees	\$10,000	Our lawyers' fees to defend you are \$10,000. Under your policy you are covered for legal costs and expenses for which we have provided prior written approval. We pay our lawyers \$10,000
Less excess	-\$200	You pay us your excess of \$200
<b>Total Claim</b>	<b>\$19,800</b>	

### EXAMPLE 2 – ACCIDENTAL DAMAGE TO CONTENTS

You have Contents Insurance with a sum insured of \$60,000. You have also selected and paid for the Optional Accidental 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 plasma 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 plasma television no longer works when you try to turn it on. The excess that applies is \$200.

HOW MUCH WE PAY	FURTHER INFORMATION	
Plasma TV	\$3,200	We decide to replace the plasma television for you with a new plasma television. It costs us \$3,200 to replace your TV with one that is equivalent to what you had prior to the accidental damage. Rather than offer you a cash settlement, we arrange with a supplier to deliver and install the replacement plasma television for you.
Less excess	-\$200	We normally require you to pay the \$200 excess to the supplier of the replacement plasma television
<b>Total Claim</b>	<b>\$3,000</b>	

## EXAMPLE 3 – THEFT OF CONTENTS, REPLACEMENT OF LOCKS AND KEYS

You have Contents Insurance with a sum insured of \$50,000. Electrical items with a replacement value of \$3,700 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. For the purpose of this example, the optional excess you chose when you purchased your policy was \$300.

HOW MUCH WE PAY		FURTHER INFORMATION
Electrical items	\$3,700	We decided to replace these electrical items for you with new items that are equivalent to what you had prior to the theft, rather than offer you a cash settlement. We arrange with a supplier to deliver these items to you. It costs \$3,700 to replace the items through the supplier. We pay the supplier \$3,700.
Locks and keys	\$1,000	You arrange for the replacement of all external door and window locks and keys. There is a maximum limit of \$1,000 payable for the "Locks and Keys" additional benefit. The total cost to replace all locks and keys is \$1,000. We reimburse you the amount of \$700.
Less excess	-\$300	Your \$300 excess has been deducted from the reimbursement of lock and key replacement costs.
<b>Total Claim</b>	<b>\$4,400</b>	

## EXAMPLE 4 – ACCIDENTAL DAMAGE TO HOME

You have Home Insurance with a sum insured of \$350,000. You have also selected and paid for the Optional Accidental 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 \$2,400. The excess that applies is \$200.

HOW MUCH WE PAY		FURTHER INFORMATION
Hallway repairs	\$2,400	We arrange for a builder to repair the hole in your wall and repaint the damaged area. The repairs to the hallway wall cost \$2,400. We pay the builder \$2,200.
Less excess	-\$200	We normally require you to pay the \$200 excess to the builder upon completion of the repairs.
<b>Total Claim</b>	<b>\$2,200</b>	

## EXAMPLE 5 – DAMAGE TO HOME, TEMPORARY ACCOMMODATION COSTS AND TREES, PLANTS AND SHRUBS

You have Home Insurance with a sum insured of \$350,000. During a storm a tree falls on your home causing substantial damage to the roof and to the in-ground plants next to your home. Your home is so seriously damaged that it cannot be lived in until it is repaired. The home is your principal place of residence. You are unable to live in your home for a period of 2 months. For the purpose of this example, the optional excess you chose when you purchased your policy was \$500.

HOW MUCH WE PAY		FURTHER INFORMATION
Roof repairs	\$25,000	We decide to repair your roof and arrange for a builder to carry out the repairs. The repair work costs \$25,000. We pay the builder \$25,000
Replacement plants	\$1,500	Under the "Trees, plants and shrubs" additional benefit we reimburse you \$1,500 to replace the in-ground plants.
Accommodation	\$5,000	Under the "Temporary Accommodation" additional benefit you are covered for any additional costs you incur for similar accommodation to your home until you are able to live in your home. We assess the temporary accommodation costs of a similar home to be \$5,000. This benefit has a sub-limit of 20% of the sum insured (in this example, \$70,000). We reimburse you \$4,500 for the costs you have incurred.
Less excess	-\$500	Your \$500 excess has been deducted from the reimbursement of accommodation costs.
<b>Total Claim</b>	<b>\$31,000</b>	

### EXAMPLE 6 – DAMAGE TO ENTHUSIAST ITEMS: MOTORING MEMORABILIA

You have Contents Insurance and have selected Optional Accidental Damage Cover. You have coverage for accidental loss or damage to Enthusiast Items as a feature of your Contents Insurance. 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. The excess that applies is \$200.

HOW MUCH WE PAY		FURTHER INFORMATION
Memorabilia	\$3,000	We arrange for replacement of the 3 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 the \$200 excess when the replacement model cars are found.
<b>Total Claim</b>	<b>\$2,800</b>	

### EXAMPLE 7 – TOTAL LOSS, REMOVAL OF DEBRIS, FEES & RELATED COSTS AND EXTRA COSTS OF REINSTATEMENT

You have Home Insurance with a sum insured of \$350,000 and Contents Insurance with a sum insured of \$50,000. There is a fire and we determine that your home and contents are a total loss. For the purpose of this example, the optional excess you chose when you purchased your policy was \$500 for both your Home and Contents.

HOW MUCH WE PAY		FURTHER INFORMATION
Building costs	\$350,000	We decide to rebuild your home to an equivalent standard to what it was when new and it costs \$350,000. We pay the builder \$350,000.
Removal of debris	\$10,000	Before rebuilding starts, it is necessary to incur costs of \$10,000 to demolish and remove the damaged structure. We pay \$10,000 directly to the demolition company under the 'Removal of Debris' additional benefit.
Architect's Fees	\$5,000	We also decide that it's necessary to engage an architect to design your replacement home. The architect's fees are \$5,000 and we pay this amount under the 'Fees associated with rebuilding' additional benefit, which is the maximum payable for this benefit. We pay \$5,000 directly to the architect.
Contents	\$43,000	We have decided to replace your contents items with new items that are equivalent to what you had prior to the loss, rather than offer you a cash settlement. Your contents sum insured is sufficient to cover this. We arrange and pay for a number of different suppliers to deliver these items to you. It costs \$43,000 to replace your contents and we pay the suppliers this amount.
Accommodation	\$5,000	Under the "Temporary Accommodation" additional benefit you are covered for any additional costs you incur for similar accommodation to your home until you are able to live in your home. We assess the temporary accommodation costs of a similar home to be \$5,000. We reimburse you \$4,500 for the costs you have incurred.
Less excess	-\$500	Your \$500 excess has been deducted from the reimbursement of temporary accommodation costs.
<b>Total Claim</b>	<b>\$412,500</b>	



## EXAMPLE 8 – PERSONAL EFFECTS AND CONTENTS AWAY FROM YOUR HOME

You have Contents Insurance with a sum insured of \$60,000. You have also selected and paid for Specified Personal Effects Cover for an engagement ring with a sum insured of \$20,000. For the purpose of this example, the optional excesses you chose when purchasing your policy was \$300 for Contents and \$100 for Specified Personal Effects.

You and your family are on an interstate trip and your hotel room is broken into and many of your personal belongings are stolen, including clothing, electronic games, mobile phone, camera, a watch worth \$3,000 and the engagement ring.

HOW MUCH WE PAY		FURTHER INFORMATION
Electronic games, mobile phone, camera and clothing	\$5,900	Your electronic games, mobile phone camera, and clothing are all fully covered for replacement under the Contents temporarily removed from your home benefit of your policy. This additional benefit covers your contents whilst they are temporarily removed from your home and being kept in a secured building anywhere in Australia. There is a limit of \$1,000 per item up to a total of 20% of your contents sum insured. We assess your claim and decide to replace the electronic games, mobile phone and camera for you with new items that are equivalent to what you had prior to the theft. We arrange with a supplier to deliver the replacement electronic games, mobile phone and camera to you. It costs \$2,800 to replace the items for you and we pay the supplier that amount. We decide to pay you cash for the cost of replacing the stolen clothing. We pay you an amount of \$3,100 which reflects what we assess as being the cost of replacing these items.
Watch	\$1,000	Your watch is also covered under the Contents temporarily removed from your home benefit of your policy. The jeweller provides a quote to replace the watch for \$3,000. There is a sub-limit of \$1,000 per item for this optional benefit. As the \$1,000 sub-limit applies and we cannot replace the watch for \$1,000 we pay you \$1,000 as a cash settlement.
Ring	\$18,900	The engagement ring is covered as a Specified Personal Effect with a sum insured of \$20,000. We have decided to replace the ring with a new ring. We arrange for a jeweller to make a ring of equal specification to the one listed as a specified personal effect. It costs \$18,900 to replace the ring for you and we pay the supplier that amount.
Less excess	-\$300	Although you have made a claim under the Contents section and Specified Personal Effects Section you only pay the one excess. You always pay the higher excess which in this case is your contents excess. You pay us the \$300 excess.
<b>Total Claim</b>	<b>\$25,500</b>	

## FINANCIAL CLAIMS SCHEME

This policy may be a 'protected policy' under the Federal Governments 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 insurance 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.

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