



SHARE THE PASSION

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

MOTORING INSURANCE

INSURANCE FOR MOTORING ENTHUSIASTS

YOUR GUIDE TO PREMIUMS, EXCESSES, DISCOUNTS AND CLAIMS PAYMENTS

The Premiums, Excesses, Discounts and Claims 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 Shannons Motor Insurance Product Disclosure Statement (**PDS**) dated 21/03/2011.

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 if your policy has a commencement date on or after 01/07/2016, or a renewal date on or after 08/08/2016.

About your premium

The amount we charge for this insurance policy is the premium which will be shown on your certificate.

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 vehicle and its usage.

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

- Pricing your risk
- Discounts
- Government charges

Pricing your risk

When pricing your risk we consider our costs of doing business, commercial factors and all claims we have paid to other customers and expect to pay in the future.

The table below summarises the significant factors that may affect your premium.

FACTOR
The address where the vehicle is usually kept
The agreed value of the vehicle
The level of insurance cover chosen
Vehicle characteristics and modifications
How frequently the vehicle is used
Age of the driver
Whether the vehicle is financed
How the vehicle is used
The policy options you have chosen

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:

- new and updated data we use to calculate your premium;
- changes in government taxes and any state or territory duties or levies;
- other commercial factors.

We may also adjust the agreed value to reflect the changed value of the vehicle. When determining your renewal premium, we also consider how much you paid last year. As such we may limit movements up or down to your premium to avoid large changes in premiums across different periods of cover.

Discounts

Discounts are also a factor that can affect your premium. Any discounts are usually calculated and applied before the application of government taxes and charges.

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.

No claim discount

A no claim discount (NCD) recognises good claims history for comprehensively insured vehicles. A separate NCD applies to each vehicle on your comprehensive insurance policy.

Your NCD for a vehicle will be shown on your certificate and will affect the premium you pay at commencement and on renewal of your comprehensive insurance policy.

On each renewal, your NCD for a vehicle will keep increasing until you reach the maximum discount level providing you haven't made any claims that affect your NCD. After you have remained on a NCD of 65% for 3 years it will become protected.

YEAR	EXISTING NCD	RENEWAL NCD
1st year	Nil	25%
2nd year	25%	45%
3rd year	45%	55%
4th year	55%	65%
5th year	65%	65%
6th year	65%	65%
7th Year	65%	65% Protected
8th and subsequent years	65% Protected	65% Protected

If your NCD for a vehicle is protected, your NCD will not be reduced for any at fault claim you have made during the period of insurance.

If your NCD is not protected and you make a claim, your NCD will either reduce or remain the same.

A NCD is vehicle specific. This means that if you make a claim under your policy and that claim affects your NCD, only the NCD for the vehicle being claimed on will be affected.

If your NCD is not protected and you make a claim, we will not reduce your NCD if:

- we agree that the loss or damage arising from the claim is not your fault, and
- you tell us the responsible person's name, current address and the registration number of their vehicle.

Your NCD will also not be affected by your first claim for windscreen or window damage (only), in any one period of insurance.

In all other circumstances, if you make a claim your NCD reduces on renewal. The following table shows how your NCD is reduced at your next renewal date.

IF YOUR NCD IS	FOR ONE CLAIM, WE REDUCE YOUR NCD ON RENEWAL TO	FOR TWO CLAIMS, WE REDUCE YOUR NCD ON RENEWAL TO
Protected 65%	No change	No change
65%	55%	45%
55%	45%	25%
45%	25%	Nil
Nil	Nil	Nil

Multi vehicle discount

If you insure more than one vehicle on your policy, you will be eligible for a multi vehicle discount. The table below outlines the level of discount you will receive off the premium (before GST and any relevant government charges) for each vehicle.

NUMBER OF VEHICLES	LEVEL OF DISCOUNT
1 vehicle	0%
2 vehicles	6%
3 vehicles	9%
4 - 6 vehicles	10%
7 -10 vehicles	20%
11 + vehicles	22%

Multi-policy discount

If you have a motor insurance policy with us (excluding CTP) and a home and/or contents insurance policy, you will be eligible for a multi policy discount of 10% which will be applied to your home policy.

Government taxes and charges

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

Excess – an amount you may have to pay us at claim time

The amount and types of excesses that apply to your policy and which you will be required to pay to us when you make a claim will be shown on your certificate. The total excess payable for any one claim will be determined by adding all applicable excesses.

We have four types of excesses:

1. Basic Excess
2. Young Driver Excess
3. Theft Excess
4. Racing Excess

Basic excess

The basic excess is determined at the time your policy is issued and is reviewed at each renewal. When we apply a basic excess to your policy, it is calculated based on the factors shown in the below table. You may be able to increase your excess above the calculated basic excess to reduce your premium. Your basic excess amount is shown on your certificate and applies to all claims under this policy unless we tell you otherwise.

The table below summarises the factors that may affect your basic excess.

BASIC EXCESS FACTOR
How the vehicle is used
Vehicle make and model
Modifications level
Agreed value of the vehicle
Year of manufacture
The address where the vehicle is usually kept
Your claims history

Young driver excess

The young driver excess will be applied in addition to your basic excess and you will be required to pay it to us, if the person driving at the time of the loss or damage is under the age of 25.

The young driver excess will differ depending on whether the young driver is listed on your certificate of insurance.

If the driver under the age of 25 is listed, the young driver excess payable is \$400.

If the driver under the age of 25 is not listed, the excess payable is \$1,500.

The young driver excess will not apply to:

- hail, flood, storm, or bushfire damage or other natural disasters;
- windscreen or glass only claims;
- classic vehicles aged 35 years or more;
- loss or damage if your vehicle is being used by a driver in an extreme medical emergency;
- learner drivers who are accompanied by a fully licensed driver 25 years of age or more;
- claims for loss or damage caused by an employee of a hotel, restaurant, service station or licensed garage using your vehicle for the purpose of parking, upkeep or repair.

Theft excess

This excess will be applied to all theft and attempted theft claims and will be applied in addition to your basic excess. When we apply a theft excess to your policy, it is calculated based on the factors shown in the below table. The amount of any theft excess applicable to your policy will be shown on your certificate.

THEFT EXCESS FACTOR
How the vehicle is used
Vehicle make and model
Modifications level
Agreed value of the vehicle
Year of manufacture
The address where the vehicle is usually kept
Your claims history for theft or attempted theft

Racing excess

This excess will be applied to all claims made under the optional racing cover (where you have selected this option). The amount of the racing excess is \$500 and will be applied in addition to your basic excess.

Claims examples – how Shannons Motor 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, excesses, conditions and exclusions apply.

Example 1 – Total loss

Your motor vehicle is comprehensively insured with Shannons for an agreed value of \$40,000. The basic excess shown on your certificate is \$500. The vehicle is damaged in an accident that is the fault of the driver of your vehicle and we assess the cost of repairs to be \$50,000. The salvage value of the vehicle is \$8,000. We decide that the vehicle is a total loss.

HOW MUCH WE PAY		FURTHER INFORMATION
Agreed value	\$40,000	We determine your vehicle is a total loss if it would be unsafe or uneconomical to repair; which it is in this case.
Less Excess	-\$500	Only a basic excess applies in this example.
Total Claim	\$39,500	We would normally pay this directly to you in a total loss situation.

If instead of owning your vehicle outright, your vehicle was purchased under a finance lease, we will pay the total finance amount that you owe on your vehicle to the financier up to the agreed value, and then pay you the balance of the agreed value (if any), less the excess, that applies.

Your vehicle becomes our property and we are entitled to keep the proceeds of its sale (\$8,000) after we have paid you for the total loss. This does not affect the calculations above.

Under the salvage purchase benefit, we give you the option to purchase your unrepaired vehicle. If you choose to purchase your unrepaired vehicle we will determine the salvage value of your unrepaired vehicle and deduct this amount from your claim payment. In this example, if you purchase your unrepaired vehicle for \$8,000 we would deduct this from your claim payment and pay you your claim balance of \$31,500.

If your policy also included the optional salvage rights cover, and this is shown on your certificate, you will have the right to keep your unrepaired vehicle at no cost to you. In this example, we will allow you to keep your unrepaired vehicle and pay you \$39,500.

If the motor vehicle in this example was less than 1 year old at the time of the total loss, and you purchased the vehicle brand new and were the first registered owner of the vehicle, instead of paying the claim, we can replace your vehicle with a new vehicle of the same make, model and series (subject to availability within Australia) including similar accessories, tools and spare parts as shown on your certificate, plus on road costs e.g. registration, compulsory third party, and pre-delivery. We will require you to pay us any excess that may apply.

If you are paying your insurance by instalments, Shannons will deduct the remaining instalments from the total loss settlement. For example, if there are 4 instalments left when the total loss occurs and you were paying \$55 per month, the amount deducted from your claim settlement would be \$220.

Example 2 – Partial loss or damage

Your vehicle is comprehensively insured for an agreed value of \$50,000. Your policy has a basic excess of \$500 and a theft excess of \$500. These are shown on your certificate. The vehicle is stolen and recovered 5 days later. It has been damaged and we assess the cost of repairs to be \$10,000 and estimate it will take 14 days to repair the vehicle.

HOW MUCH WE PAY		FURTHER INFORMATION
Damage to vehicle	\$10,000	We normally decide a vehicle is repairable if the cost of repairs is significantly less than the agreed value.
Towing expenses	\$150	We would tow the vehicle to the repairer of your choice or to a place of safety. We normally pay the towing company directly.
Less excesses		A basic excess and a theft excess apply in this example. We normally require you to pay the excesses directly to the repairer.
Basic excess	-\$500	
Theft excess	-\$500	
Total excess	-\$1,000	
Total claim	\$9,150	We normally pay repair costs directly to the repairer.

Example 3 – Partial loss or damage – Motorcycle

Your motorcycle is comprehensively insured for an agreed value of \$20,000. Your motorcycle is involved in an accident and the rider of your motorcycle is at fault. The rider of the motorcycle is 23 years old and is not listed on your policy certificate. The motorcycle has been damaged and we assess the cost of repairs to be \$10,000. As a result of the accident, the rider falls off the motorcycle and damages their jacket worth \$1,500 and helmet worth \$750. Your policy has a basic excess of \$500 which is shown on your certificate. A young driver excess of \$1500 also applies to this claim.

HOW MUCH WE PAY		FURTHER INFORMATION
Damage to motorcycle	\$10,000	We normally decide a vehicle is repairable if the cost of repairs is significantly less than the agreed value.
Less excesses		A basic excess and a young driver excess apply in this example. We normally require you to pay the excesses directly to the repairer.
Basic excess	-\$500	
Young driver excess	-\$1,500	
Plus riding apparel cover	+\$1,750	This benefit covers you for up to \$1,000 for any individual item. Your jacket is worth \$1,500 so we will only pay \$1,000. The benefit also has a maximum limit of \$3,000.
Total claim	\$9,750	We would normally pay repair costs directly to the repairer and the replacement costs for the damaged apparel would be paid directly to you.

Example 4 – Uninsured third party benefit

Your vehicle is insured for third party legal liability only. It is involved in an accident with another vehicle that is uninsured. The driver of your vehicle was not at fault, and you can provide the current name and address of the driver and/or owner of the other vehicle at fault and the registration number and description of the other vehicle at fault. The total damage to your vehicle is \$3,890.

HOW MUCH WE PAY		FURTHER INFORMATION
Damage to the vehicle	\$3,890	The limit of cover provided by the uninsured third party benefit is \$5,000, providing that you obtained the current name and address of the driver and/or owner of the other motor vehicle and registration number and description of the motor vehicle.
Total claim	\$3,890	We normally pay this amount directly to the repairer.

Example 5 – Legal liability

Your vehicle is comprehensively insured for an agreed value of \$40,000. It is involved in an accident where another vehicle is damaged. The insurer of the other vehicle sues the driver of your vehicle who is found by a court to be legally liable. The court determines that the cost of repairs for the damage caused to the other vehicle is \$20,000. The basic excess shown on your certificate is \$500. The legal costs to defend the third party legal liability claim are \$7,000.

HOW MUCH WE PAY		FURTHER INFORMATION
Damage to other vehicle	\$20,000	We normally pay the cost of repairs directly to the third party claimant.
Less excess	-\$500	Only a basic excess applies in this example. You will need to pay this to us.
Plus our legal costs	+\$7,000	The legal costs we incur in defending the claim are \$7,000. We normally pay the solicitor directly for these costs.
Total claim	\$26,500	

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 insurance protected policies issued by that insurer to be paid certain amounts by APRA.

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