



SHARE THE PASSION

**MOTOR INSURANCE
ADDITIONAL INFORMATION
GUIDE**

INSURANCE FOR MOTORING ENTHUSIASTS

ADDITIONAL INFORMATION GUIDE

The guide is designed to provide you with additional information about excesses, how we pay claims, calculate premiums and the discounts available under the policy. You should read this Additional Information Guide (**Guide**) together with our Shannons Motor Insurance Product Disclosure Statement (PDS) dated 18 March 2020.

Shannons Pty Limited ABN 91 099 692 636 is an authorised representative AR No. 239594 of AAI Limited ABN 48 005 297 807 AFSL 230859, the product issuer.

This guide applies if your policy has a commencement date on or after 15 May 2020, or a renewal date on or after 15 June 2020.

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

An excess is the amount you must pay for each incident when you make a claim. You might have to pay more than one type of excess when you claim.

The total excess you are required to pay is determined by the circumstances of your claim. The amount and types of excesses are shown on your certificate.

The different types of excesses are:

- Basic excess
- Flexible excess
- Theft excess
- Young Driver excess
- 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. 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

Flexible excess

If you have comprehensive cover and your frequency of vehicle use is regular use, you can choose a flexible excess from the range we offer (between \$100 and \$1,000). This excess is payable in addition to any other excess that applies. Choosing a flexible excess reduces your premium.

Theft excess

The theft excess will be applied to all theft and attempted theft claims. This excess is payable in addition to any other excess that applies. The amount of the theft excess is calculated based on the factors shown in the below table. The 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 location where the vehicle is usually kept
Your claims history for theft or attempted theft

Young driver excess

The young driver excess will be applied if the person driving at the time of the loss or damage is under the age of 25. This excess is payable in addition to any other excess that applies.

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

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 young driver excess payable is \$1,500.

The young driver excess will not apply to:

- hail, flood, storm, 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.

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. This excess is payable in addition to any other excess that applies.

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; and
- home or vehicle fires which may have been 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.

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

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 5 years old and is comprehensively insured for an agreed value of \$40,000. The basic excess shown on your certificate is \$650 and you have not chosen a flexible excess. The motor 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 motor vehicle is \$8,000. We decide that the motor vehicle is a total loss.

HOW MUCH WE PAY		FURTHER INFORMATION
Agreed value	\$40,000	We determine your motor vehicle is a total loss if it would be unsafe or uneconomical to repair; which it is in this case.
Less excess	-\$650	Only a basic excess applies in this example. You pay your excess directly to us.
Total Claim	\$39,350	We would normally pay this directly to you in a total loss situation.

If instead of owning your motor vehicle outright, your motor vehicle was purchased under a finance lease, we will pay the total finance amount that you owe on your motor 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.

As you do not have the Salvage rights optional cover (see PDS page 35) your motor 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.

If you do not have the Salvage rights optional cover, and your motor vehicle is not stolen and we settle your claim as a total loss, we give you the option to purchase your unrepaired motor vehicle. If you choose to purchase your unrepaired motor vehicle we will determine the salvage value of your unrepaired motor vehicle and deduct this amount from your claim payment or you must pay the salvage value to us before we release the unrepaired motor vehicle to you. In this example, if you purchase your unrepaired motor vehicle for \$8,000 we would deduct this from your claim payment and pay you your claim balance of \$31,350.

If you have the Salvage rights optional cover, and this is shown on your certificate, you will have the right to keep your unrepaired motor vehicle at no cost to you. In this example, we will allow you to keep your unrepaired motor vehicle and pay you \$39,350.

If you are paying your insurance by instalments, we 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 – New vehicle after a total loss for vehicles less than 2 years old

Your motor vehicle is comprehensively insured for an agreed value of \$29,800. Your basic excess is \$650 and you have chosen a flexible excess of \$500. Your motor vehicle is damaged by fire and we decide your motor vehicle is a total loss. Your motor vehicle is less than 2 years old and you qualify for the 'New vehicle after a total loss for vehicles less than 2 years old' additional feature (see page 22 of the PDS for full details). The cost to replace your motor vehicle with a new one of the same make, model and series, including all on road costs, is \$31,300.

HOW MUCH WE PAY		FURTHER INFORMATION
Cost to replace your motor vehicle including on road costs	\$31,300	We pay \$31,300 because your motor vehicle is less than 2 years and you qualify for the 'New vehicle after a total loss for vehicles less than 2 years old' additional feature (see page 22 of the PDS for full details) and you decide you would like to use this feature. We pay the car dealership directly for the new motor vehicle.
Less basic excess	-\$650	As your motor vehicle has been damaged by fire the basic excess applies. You pay your excess directly to us.
Less flexible excess	-\$500	As you have chosen a flexible excess this applies in addition to your basic excess. You pay your excess directly to us.
Less unexpired registration and compulsory third party (CTP) insurance	-\$400	You can collect a refund from your state or territory roads authority. If instead we decide to collect the refund from the relevant authority or insurer ourselves, this amount will not be deducted from your claim.
Plus Towing costs	+\$500	We arranged for your motor vehicle to be towed to our closest preferred repairer or another facility of our choice as the motor vehicle was not able to be driven (see page 20 of the PDS for details on towing costs). The towing company has invoiced us. We will pay the towing company.
Total Claim	\$30,250	

Example 3 – Partial loss or damage

Your vehicle is comprehensively insured for an agreed value of \$50,000. Your policy has a basic excess of \$650 and a theft excess of \$500. These are shown on your certificate. You have not chosen a flexible excess. 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	
Less excesses		As your vehicle has been stolen and is damaged the basic excess and the theft excess applies. You pay your excess directly to us.
Basic excess	-\$650	
Theft excess	-\$500	
Total excess	-\$1,150	
Total claim	\$9,000	We normally pay repair costs directly to the repairer.

Example 4 – 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 \$650 which is shown on your certificate. A young driver excess of \$1500 also applies to this claim. You have not chosen a flexible excess.

HOW MUCH WE PAY		FURTHER INFORMATION
Damage to motorcycle	\$10,000	We normally decide a motorcycle is repairable if the cost of repairs is significantly less than the agreed value.
Less excesses		
Basic excess	-\$650	As your motorcycle has been damaged the basic excess applies. The young driver excess also applies. You pay your excess directly to us.
Young driver excess	-\$1,500	
Total excess	-\$2,150	
Plus riding apparel cover	+\$1,750	This feature covers you for up to \$1,000 for any individual item up to a total limit of \$3,000 for the rider's riding apparel. Your jacket is worth \$1,500 so we pay the limit of \$1,000 plus \$750 for your helmet.
Total claim	\$9,600	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 5 – Uninsured third party cover

Your motor 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 motor vehicle was not at fault, and you can provide the name and address of the uninsured driver and the registration details of the other vehicle at fault. The total damage to your motor vehicle is \$3,890. The market value of your vehicle is \$4,200.

HOW MUCH WE PAY		FURTHER INFORMATION
Damage to motor vehicle	\$3,890	The limit of cover provided by the 'Damage by uninsured drivers' cover is up to \$5,000 or the market value of your vehicle, whichever is less.
Less excess	-0	Your excess is waived because you have provided the name and address of the at fault driver and the registration number of the at fault vehicle. We agree the driver of the other vehicle was at fault.
Claim so far	\$3,890	We normally pay the repairer directly for the repairs
As you provided the name and address of the at fault driver and the registration number of the at fault vehicle involved in the incident and we agree the other driver is at fault, you qualify for the additional feature 'Hire car after a not at fault incident' (see page 19 of the PDS).		
Plus hire car costs	\$268	You are entitled to a hire car that meets your needs for the time it takes to repair your motor vehicle and return it to you (\$67/day for 4 days). This hire car provider has invoiced us. We will pay them directly
Total Claim	\$4,158	

Example 6 – 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 \$650. You have not chosen a flexible excess. 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	-\$650	Only a basic excess applies in this example. You pay your excess directly to us.
Plus our legal costs	+\$7,000	The legal costs we incur in defending the claim are \$,7000. We normally pay the solicitor directly for these costs.
Total claim	\$26,350	

Example 7 – Not at fault incident

Your motor vehicle is insured for the agreed value of \$25,600. Your basic excess is \$650 and you have not chosen a flexible excess. The vehicle is hit in the rear whilst stopped at a red traffic light and you obtain the name and address of the at fault driver and the registration number of the at fault vehicle. We decide the other driver was at fault. You are eligible for 'Hire car after a not a fault incident' additional feature (see page 24 of the PDS).

HOW MUCH WE PAY		FURTHER INFORMATION
Damage to motor vehicle	\$7,500	We decide your motor vehicle is repairable.
Less excess	-0	Your excess is waived because you have provided the name and address of the at fault driver and the registration number of the at fault vehicle. We agree the driver of the other vehicle was at fault.
Claim so far	\$7,500	We normally pay the repairer directly for the repairs.
As you provided the name and address of the at fault driver and the registration number of the at fault vehicle involved in the incident and we agree the other driver is at fault, you qualify for the additional feature 'Hire car after a not at fault incident' (see page 22 of the PDS).		
Plus hire car costs	+\$600	You are entitled to a hire car that meets your needs for the time it takes to repair your motor vehicle and return it to you (\$75/day for eight days). The hire car provider has invoiced us. We will pay them directly.
Total claim	\$8,100	

Example 8 – Windscreen and window glass cover

Your motor vehicle is insured with the additional feature 'One excess free windscreen and window glass claim'. Your windscreen has been damaged by a stone from loose gravel whilst you were driving and needs to be replaced. It will cost \$800 to replace the windscreen.

HOW MUCH WE PAY		FURTHER INFORMATION
Replacement windscreen	\$800	The windscreen company has invoiced us. We will pay the windscreen company.
Less excess	-0	As this claim is your first windscreen claim in the period of insurance, no excess applies.
Total claim	\$800	

About your premium

The premium is the amount we calculate that reflects the likelihood of you making a claim together with other factors related to our cost of doing business.

We use many factors about you, your vehicle and its usage to work out your premium including the level of cover you choose.

The importance we place on the factors we use can change and how those factors combine to affect the premium will differ from person to person. The premium you pay includes any discounts we give you, as well as GST and any applicable stamp duty, charge and levy. Your certificate will show you how much you have to pay.

Each time you renew your insurance your premium is likely to change, even if your personal circumstances have not changed. This is because your premium is affected by other things including:

- The cost of claims we have paid to other customers and claims we expect to pay in the future;
- Changes in government taxes and any state or territory duty or levies;
- New and updated data we use to calculate your premium;
- Our expenses of doing business; and
- Other commercial factors.

When determining your premium on renewal, we also consider how much your premium was previously. As such, we may limit movements up or down.

In addition to the type of cover you have chosen, significant factors affecting your premium include a combination of some or all of the following:

FACTOR	COMPREHENSIVE COVER	THIRD PARTY LEGAL LIABILITY
Agreed value of the vehicle	✓	✗
Address where vehicle is kept	✓	✓
Type of vehicle	✓	✓
Age of vehicle	✓	✓
Vehicle characteristics and modifications	✓	✓
How frequently the vehicle is used	✓	✗
Age of the driver	✓	✓
Whether the vehicle is financed	✓	✗
Usage of vehicle	✓	✓
The policy options you have chosen	✓	✓
Each driver's driver licence history	✓	✓
Whether you choose a flexible excess	✓	✗
Whether you have previously paid your policy by instalments	✓	✓

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. Discounts do not apply to the Shannons Roadside Assist portion of the premium if you purchase that optional cover.

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
25%	Nil	Nil
Nil	Nil	Nil

Multi vehicle discount

If you insure more than one vehicle on your policy, you might be eligible for a multi vehicle discount.

Government taxes and charges

After we have calculated the amount to cover your vehicle insurance policy any applicable stamp duty, charge and levy and GST then applied. These amounts are shown on your certificate.