

Secure Home Elite Insurance Product Disclosure Statement

Premiums, excesses, discounts and claims
payment guide



Your guide to premiums, excesses, discounts and claims payment

This Secure Home Elite Insurance Premiums, Excesses, Discounts and Claims payment Guide (**Guide**) is designed to provide you with additional information about how we calculate premiums for, and pay claims under, this policy.

You should read this Guide together with our Secure Home Elite Insurance Product Disclosure Statement (PDS), dated 20 April 2012, and your schedule.

This Guide is relevant to you if your policy has a commencement or renewal effective date on or after 7 July 2012.

About your premium

The premium is the amount you pay us for this insurance. It includes the risk premium which reflects what we consider is the likelihood of you making a claim, other factors related to our cost of doing business and any discounts we give you, stamp duty, goods and services tax (GST), any other government charges and fire services levy if applicable.

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 risk premium will differ from person to person.

The factors we use to calculate your premium may include:

- ▼ The address and locality of the insured address
- ▼ Sum insured
- ▼ Any options you have chosen
- ▼ Construction material of the home
- ▼ The type of home you are insuring (for example, a house or unit)
- ▼ Age of the home
- ▼ Age of the oldest named insured
- ▼ Type of security at the insured address
- ▼ How the home or unit is occupied
- ▼ The excess you choose
- ▼ The amount of commission we pay

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 duties or levies
- ▼ Our expenses of doing business and other commercial factors

When determining your renewal premium, we also consider how much you paid last time. As such we may limit movements up or down to avoid large changes in premiums across different periods of cover.

Premium discounts

Discounts are also a significant factor that can affect your premium. The premium you pay for your insurance includes any discounts we have given you. Discounts are usually applied before the application of government taxes and charges.

The main discounts we offer include:

- ▼ Retiree discount – We might reward you with a discount if we know that one of the named insureds on the policy is 55 years or older and no longer working full time.
- ▼ Combined home building and contents discount – We might reward you with a discount for combining your home building and its contents on the same policy with us.

From time to time we might also offer discounts or some other special offer as part of a marketing campaign. If we do this, separate terms and conditions will usually apply and you might not be eligible for our usual discounts.

If you are eligible for more than one discount we apply any subsequent discount to the already discounted premium. Discounts might not apply to optional covers.

The amount and type of discounts offered can change or be withdrawn.

Government taxes and charges

Home and contents insurance policies are subject to stamp duty imposed by state and territory governments, GST and in some states fire services levy. These charges are usually applied as the final step in the premium calculation.

Excesses

The amount and types of excess that apply to your policy are shown on your schedule and are also described in the PDS. The different types of excesses are:

Home building and home contents basic excess

The basic excess that applies to your policy is determined at the time the policy is issued and can vary based on our assessment of the risk. If you apply to vary your basic excess and we agree to the variation, your basic excess will be the amount chosen by you from our range. The amount is shown on your schedule.

Additional excess

In some circumstances, an additional excess may apply based on our assessment of the risk. This excess is applicable in addition to any other excess unless stated otherwise in the PDS or your schedule.

Home personal valuables excess

If personal valuables cover has been selected, it has its own excess that will apply in the event of a claim for unspecified valuables and/or specified valuables. The amount of the excess is \$100.

Earthquake and tsunami excess

In addition to any other excess, an excess of \$200 will apply if you make a claim for loss or damage as a result of an earthquake or tsunami.

Unoccupied excess

In addition to any other excess, an unoccupied excess of \$1,000 will apply if you claim for loss or damage to your home and contents which occurs when your home has been unoccupied for more than 60 continuous days.

Claims payment examples

The following examples show how we may typically pay home and contents insurance claims. They are examples only. We always determine real claim payments on an individual basis, after we have assessed each claim.

Notes about the claims payment examples:

- ▼ all amounts are shown in Australian dollars and are GST-inclusive
- ▼ all examples assume that the named insured is not registered for GST

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

Example 1: Legal liability

You have insured your home for \$270,000. During a dinner party at your home one of your guests was walking down the stairs, the area was dimly lit causing your guest to slip down the stairs and injure their ankle and lower back. Your guest has made a claim against you and we or a Court decide you are liable. A \$500 basic excess was selected for this policy.

What you are claiming	How much we pay to settle your legal liability	Further information
Total amount of liability	\$14,800	Under 'Legal liability', we cover your legal liability up to \$20 million, including all associated legal costs. We pay the person who claimed against you.
Legal fees	\$5,000	Lawyers' fees to defend you are \$5,000. We pay the fees of \$5,000 to the law firm.
Less excess	-\$500	You pay us your excess.
Total claim	\$19,300	

Example 2: Accidental damage to contents

You have insured your home contents for \$60,000. A new entertainment unit for your television is delivered to your house. When you are carrying your television, which has a retail replacement value of \$3,500, across the lounge room to put it on the new entertainment unit, you stumble on a floor rug and drop the television on the timber floor. The television no longer works. A basic excess of \$500 was selected for this policy.

What you are claiming	How much we pay to reinstate your loss	Further information
Television	\$3,200	As the television cannot be repaired we decide to replace the television with a new 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 television to you. Although the retail price of the television is \$3,500 it costs us \$3,200 to replace the television for you through our supplier and we pay the supplier \$2,700.
Less excess	-\$500	You pay the \$500 excess to the supplier of the replacement television.
Total claim	\$2,700	

Example 3: Damage to home, loss of contents, replacement of locks

You have insured your home for \$320,000, you have a general contents sum insured of \$70,000 and you have the automatically provided personal valuables – unspecified items cover of \$3,000. While you were out, your house was broken into by forcing open your locked sliding door. Electrical items with a retail replacement value of \$4,000 were stolen from your home as well as a leather jacket, your gold necklace and the spare keys for the house that were sitting on the kitchen bench top. A \$600 home building basic excess and a \$500 home contents basic excess was selected for this policy. Your home personal valuables excess is \$100.

What you are claiming	How much we pay to reinstate your loss	Further information
Electrical items	\$3,700	We have decided to replace the 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. Although the retail price of the items is \$4,000, it costs us \$3,700 to replace the items for you through our supplier. We pay the supplier \$3,700.
Gold necklace	\$2,300	We have a jeweller replace your necklace new for old and it costs us \$2,300. Although you can only claim up to \$2,000 per jewellery item under your contents cover, you can also claim for the loss of your necklace under your personal valuables – unspecified items cover.
Leather jacket	\$450	Your leather jacket will cost \$450 to replace new for old. We settle you for this amount.
Damaged sliding door	\$650	The sliding door is damaged during the burglary and needs to be replaced. You arrange the replacement of the damaged sliding door.
Replacement locks	\$700	You arrange the replacement of external door and window locks. Under the 'Lock replacement' additional cover you are covered for a maximum of \$1,000.
Less excess	-\$600	We will deduct the highest of your excesses from the settlement we give you.
Total claim	\$7,200	

Example 4: Accidental damage to home

Your home has a sum insured of \$350,000. You are checking the batteries in your smoke detectors. To do this you need to stand on a ladder. While carrying the ladder down the hallway you accidentally hit the wall with the ladder and make a large hole in the wall. The cost to repair this accidental damage is \$2,400. A home building basic excess of \$500 was selected for this policy.

What you are claiming	How much we pay to reinstate your loss	Further information
Hallway repairs	\$2,400	We arrange for a builder to repair the hole in your wall and repaint the damaged area. We pay the builder \$1,900.
Less excess	-\$500	You pay the \$500 excess to the builder upon completion of the repairs.
Total claim	\$1,900	

Example 5: 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 the automatically provided personal valuables – 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 basic excess of \$500 was selected for both the home and contents sections of your policy and a home personal valuables excess of \$100.

What you are claiming	How much we pay to reinstate your loss	Further information
Building costs	\$340,000	We decide to rebuild your home and it costs us \$340,000. We pay the builder \$340,000.
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. This cost is paid directly to the demolition company.
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 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, we pay 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. We determine what contents we will cash settle directly to you and what contents we will replace through our suppliers.
Personal valuables – unspecified items	\$3,000	
Temporary accommodation	\$20,000	Under the 'Temporary accommodation when you have home cover following an insured event' 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. We will either pay the costs you incur direct to the accommodation supplier or reimburse you these costs.
Less excess	-\$500	We will deduct the highest of your excesses from the settlement we give you.
Total claim	\$489,500	

*These additional benefits are paid in addition to your home sum insured.

Example 6: Personal valuables – unspecified items

You have the automatically provided \$3,000 Personal valuables – unspecified items cover. 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 you have a \$100 home personal valuable excess.

What you are claiming	How much we pay to reinstate your loss	Further information
Damaged camera	\$1,000	Your schedule shows that the most you can claim under Personal valuable – unspecified items for any one item is \$1,000.
Less excess	-\$100	We deduct your excess from the settlement we give you.
Total claim	\$900	

Example 7: Personal valuables – specified items

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

What you are claiming	How much we pay to reinstate your loss	Further information
Cost to replace your ring	\$5,000	We replace your lost ring new for old within your sum insured.
Less excess	-\$100	You pay your excess before we settle your claim.
Total claim	\$4,900	