

Home and Contents Insurance



PREMIUM AND EXCESS GUIDE

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YOUR GUIDE TO PREMIUMS AND EXCESSES

This IBNA Silver Star Home and Contents Insurance Premium & Excess Guide (**Guide**) is designed to provide you with additional information about how we calculate premiums, and calculate excesses for claims, under this policy.

You should read this Guide together with our IBNA Silver Star Home and Contents Insurance Product Disclosure Statement (PDS), dated 15/10/15, and your schedule.

This Guide is relevant to you if your policy has a commencement date or a renewal effective date on or after 4 September 2017.

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, as well as any applicable stamp duty, goods and services tax (GST), charge and levy. Your schedule will show you 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 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 movement 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

After we have calculated the amount to cover your home and contents insurance policy any applicable stamp duty, GST, charge and levy are then applied.

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:

Basic excess

The basic excess that applies to your policy is determined at the time the policy is issued based on the type of cover you have chosen. It is often a set amount however, it can also vary depending on a number of factors such as our assessment of the risk, your claims history or if you wish to insure a high value item.

Different basic excesses may apply to different sections of your policy and/or if you have the Valuables option.

You may be entitled to vary your basic excess from our range of excess options.

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 100 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: Loss of contents, Replacement of locks and keys

You have insured your home contents for \$50,000. Electrical items with a retail replacement value of \$4,000 were stolen from your home as well as the 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. The basic excess that applies is \$300.

What you are claiming	How much we pay to reinstate your loss	Further information
Electrical items	\$3,700	We have 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. 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.
Replacement lock	\$700	You arrange the replacement of all external door and window locks and keys. Under the 'Replacement of locks and keys' additional benefit, the maximum payable is \$1,000. The total cost to replace all locks and keys is \$700. We reimburse you the amount of \$400.
Less excess	- \$300	Your \$300 excess has been deducted from the reimbursement of lock and key replacement costs.
Total claim	\$4,100	

Example 2: Damage to home, Temporary accommodation costs and Trees, shrubs and hedges

Home building has been insured for \$350,000. During a storm a tree falls on your home causing substantial damage to the roof and to the 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. The basic excess is \$300. You are unable to live in your home for a period of 1 month.

What you are claiming	How much we pay to reinstate your loss	Further information
Roof repairs	\$25,000	We decide to repair your roof and arrange for a builder to carry out the repairs. The building work costs \$25,000. We pay the builder \$25,000.
Plants	\$5,000	We pay you \$5,000 to replace the damage plants.
Accommodation	\$2,000	Under the 'Loss of rent or temporary accommodation' additional benefit you are covered for accommodation costs for up 20% of the total sum insured or \$20,000, whichever is the higher. In this instance the 20% of \$350,000 equals \$70,000 and as this is higher than \$20,000 this is the limit of your cover. We assess your reasonable temporary accommodation costs to be \$2,000. We reimburse you \$1,700 for the costs you have incurred.
Less excess	- \$300	Your \$300 excess has been deducted from the reimbursement of accommodation costs.
Total claim	\$31,700	

Example 3: Total loss, Removal of debris, Building fees, and related costs and Extra costs of reinstatement

Home building has been insured for \$350,000. Home contents have been insured for \$50,000. There is a fire and we determine that your home and contents are a total loss. The basic excess for both your building and contents for the purpose of this example is \$500.

What you are claiming	How much we pay to reinstate your loss	Further information
Building costs	\$340,000	We decide to rebuild your home to an equivalent standard to what it was when new and it costs \$340,000. We pay the builder \$340,000.
Removal of debris*	\$15,000	Before rebuilding starts, it costs \$15,000 to demolish and remove the damaged structure and we assess these costs to be reasonable. We pay \$15,000 directly to the demolition company.
Building fees and related costs*	\$12,000	We also decide that it is necessary to engage an architect to design your replacement home. The architects' fees are \$12,000 and we assess these costs to be reasonable. We pay \$12,000 directly to the architect.
Extra costs of reinstatement*	\$20,000	As your home is located in a cyclone risk area and the design of your home prior to the loss 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 sure your new home is compliant with that building code. These extra building costs are \$20,000. We pay an additional \$20,000 to the builder.
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 for you and we pay the suppliers this amount in total.
Less excess	Waived	As we waive the excess where we agree to pay the claim as a total loss, you are not required to pay any excess.
Total claim	\$430,000	

* Removal of debris, Building fees and related costs, and Extra costs of reinstatement, the full amount is paid even though these amounts in combination with the \$340,000 we have paid to rebuild your home exceed the building sum insured, as these additional benefits are paid in addition to your sum insured.

Example 4: Legal liability cover

You have a Home policy. 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 an injury to them. You advise us 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 \$500 basic excess applies.

What you are claiming	How much we pay to settle your legal liability	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	- \$500	You pay us your excess of \$500
Total claim	\$19,500	

Example 5: Personal valuables and contents away from the site

You have your Contents insured for \$60,000. You have also selected and paid for the Valuables option and this is shown on your schedule. Your Valuables option covers an engagement ring as a Specified Valuable item for \$12,000. You have nominated a total Unspecified Valuables sum insured of \$10,000. The basic excess that applies for contents is \$300. The basic excess applicable for your Valuables option is \$100. You and your family are on holidays in Australia and your hotel room is broken into and many of your personal belongings are stolen, including clothing worth \$1,500, electronic games and camera worth \$2,400, the engagement ring and a watch worth \$4,500. All of these items are covered under both the Valuables option as 'Unspecified Valuables' and under the 'Contents away from the home' additional benefit.

What you are claiming	How much we pay to reinstate your loss	Further information
Electronic games and camera*	\$2,400	We have decided to replace the electronic games 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 and camera to you. It costs \$2,400 to replace the items for you and we pay the supplier that amount.
Clothing*	\$1,500	We decide to pay you cash for the reasonable cost of replacing the stolen clothing. We pay you an amount of \$1,500 which reflects what we assess as being the reasonable cost of replacing these items.
Ring	\$11,700	The engagement ring is covered up to the specified valuable sum insured amount of \$12,000. 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 valuable. It costs \$11,700 to replace the ring for you and we pay the supplier that amount.
Watch	\$4,500	The watch is covered for its full replacement value of \$4,500. We decide to pay you cash for the reasonable cost of replacing the watch. We pay you an amount of \$4,400.
Less excess	-\$100	As we have settled all of your claim under the Valuables option a \$100 excess applies. Your \$100 excess has been deducted from the cash payment we made to you for your watch.
Total claim	\$20,000	

* Your clothing, electronic games and camera are all covered under the additional benefit of Contents away from your home. This benefit has a limit of up to 25% of the sum insured under unspecified contents. As your Contents are insured for \$60,000 the limit of 25% would be \$15,000. For these items no sub-limit applies.