

IBNA Secure Car Motor Vehicle Insurance

Product Disclosure Statement
and Policy Wording

Premium and excess guide



Your guide to premiums and excesses

This Premium and Excess Guide (**Guide**) is designed to provide you with additional information about how we calculate premiums and determine excesses and discounts for the policy. You should read this Guide together with our IBNA Secure Car Motor Vehicle Insurance Product Disclosure Statement and Policy Wording with a preparation date of 19 May 2010 (**PDS**).

This guide is relevant to you if your policy has a commencement or renewal effective date on or after 2 June 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.

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.

The factors we use to calculate your premium may include:

Factor	Comprehensive cover	Third party property damage cover
Sum insured (Market or Agreed Value)	✓	x
Address where vehicle is parked overnight	✓	✓
Vehicle use	✓	✓
Age of driver(s)	✓	✓
Gender of driver(s)	✓	✓
Number of driver(s)	✓	x
Whether the vehicle is financed	✓	✓
Type of vehicle	✓	✓
Vehicle age	✓	✓
Annual distance the vehicle is driven	✓	x
Overnight parking type (e.g. garage, on the property)	✓	x
Specified accessories and optional extras in addition to the automatic cover limit under your policy	✓	✓
Vehicle modifications	✓	✓
The policy options you have chosen	✓	✓
The excess you choose	✓	x
The amount of commission we pay	✓	✓

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. Any discounts are usually applied before the application of government taxes and charges.

The main discounts we offer on comprehensive cover are:

- ▼ No claim bonus (NCB)
- ▼ Lifetime no claims bonus protection
- ▼ Loyalty bonus

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 may apply and you might not be eligible for our usual discounts. These offers are usually short term in nature.

The amount and type of discounts offered can change or be withdrawn at any time before you take out this policy, or at your next renewal.

If you are eligible for more than one discount, we apply any subsequent discount to the already discounted premium.

No claims bonus (NCB)

A no claim bonus (NCB) is a discount off your comprehensive premium as a reward for your good driving and insurance history. If you have a NCB it is shown on your schedule.

On each renewal, your discount will increase one level until you reach the maximum discount level, provided that you haven't made any claims that affect your NCB.

The table below sets out the NCB levels:

No claim bonus	Discount	Renewal discount
1 or 2	65%	65%
3	55%	65%
4	45%	55%
5	25%	45%
6	0%	25%

For each claim you make that affects your NCB, your NCB will either decrease (usually by one rating level) or remain the same (for more details see page 70 to 71 of the PDS). If you are on a 0% NCB and lodge a penalty claim, your premium will be loaded on renewal. Your premium will also be loaded on renewal if you are on a 25% NCB and lodge two claims that affect your NCB during the period of insurance.

Lifetime no claims bonus protection

If you have lifetime no claims bonus protection you will continue to receive a 65% no claim bonus on renewal.

Loyalty bonus

A loyalty bonus recognises you as a valued customer. At renewal, a discount of 5% off your premium may be applied if you meet one of the following criteria:

- ▼ You have held the policy with us for a year and you are not eligible and have not selected the protected no claim bonus benefit but you have held the maximum no claims bonus of 65% in the previous period of insurance and there were no penalty claims reported during the previous period of insurance; or
- ▼ You have held the protected maximum no claims bonus of 65% with us for at least 3 years and you are eligible and have selected the protected no claims bonus benefit and there were no penalty claims reported during the previous period of insurance; or
- ▼ You have a lifetime no claims bonus.

Please note that if at any time, your no claim bonus of 65% is not protected by either the protected no claims bonus benefit or the life time no claims bonus and you do incur a penalty claim in a period of insurance your eligibility for the loyalty bonus at the next renewal will cease. You will need to meet the eligibility criteria again to get the loyalty bonus. If you continue to meet the eligibility criteria each renewal, you will continue to get the loyalty bonus.

Government taxes and charges

Motor vehicle insurance policies are subject to stamp duty imposed by state and territory governments, GST and fire service levy if applicable. These charges are 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:

Basic excess

The basic excess is determined at the time the policy is issued. If we apply a basic excess to your policy it is based on the state or territory your vehicle is usually located in and the value of your vehicle. 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.

Inexperienced driver excess (drivers 25 years of age or over only)

In addition to the basic excess, an inexperienced driver excess of \$400 may also apply. We apply this excess if the person driving the vehicle at the time of the loss or damage is 25 years of age or over and has been licensed to drive for less than 2 years.

Age excess (drivers under 25 years only)

An age excess will be applied in addition to the basic excess and you will be required to pay it to us, if the person driving the vehicle at the time of the loss or damage is under the age of 25 and is listed on your schedule. The age excess is between \$300 and \$700 depending on the age of the driver and the state or territory where the vehicle is parked overnight. However, the age excess will not apply where the driver is under 25 years of age and holds a learners permit, and the accompanying driver is fully licensed.

Undisclosed driver excess (drivers under 25 years only)

An undisclosed driver excess of \$1,500 will be applied in addition to both the basic excess and age 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 25 and the details of the driver are not shown on your schedule.

Underwriting excess

We may also apply, an additional excess, as an underwriting excess at the time your policy is issued. An underwriting excess may be imposed based on a driver's history or the overall claims experience.

Financial claims scheme

The policy described in this Guide 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 certain persons, who have valid claims connected with certain 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.