

Secure Landlord Insurance Product Disclosure Statement

Premiums, excesses, discounts and claims
payment guide



Your guide to premiums, excesses, discounts and claims payment

This Secure Landlord 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 Landlord Insurance Product Disclosure Statement (PDS), dated 20 April 2012, any Supplementary PDSs, and your schedule. Any words defined in the PDS apply to this Guide.

This Guide is effective from 1 October 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 property
- ▼ The type of property you are insuring (for example, a house or unit)
- ▼ Age of the property
- ▼ Age of the oldest named insured
- ▼ Type of security at the insured address
- ▼ How the property 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

From time to time we may offer discounts or some other special offer as part of a marketing campaign. If we do this, separate terms and conditions will usually apply. The amount and type of discounts that may be offered can change or be withdrawn.

Government taxes and charges

Landlord insurance policies are subject to stamp duty, imposed by state and territory governments, GST and in some states, a fire services levy in some states. 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:

Property and Contents basic excesses

The basic excesses that apply to your policy are 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 excesses and we agree to the variation, your basic excesses will be the amount chosen by you from our range. The amount of the excess 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.

Loss of rent – Insured event excess

In addition to any other excess, a loss of rent – insured event excess will apply if you have selected optional Loss of rent – Insured event cover and you make a claim. The amount of the excess is shown on your schedule.

Malicious damage and theft excess

In addition to any other excess, a malicious damage and theft excess of \$500 will apply if you make a claim for malicious damage, theft or attempted theft caused by your tenant or by someone who is at the insured address with your consent or the consent of your tenant.

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 property and contents which occurs when your property has been unoccupied for more than 60 continuous days.

Claims payment examples

The following examples show how Vero may typically pay landlord insurance claims. They are examples only. Vero always determines 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

Your investment property is insured for \$350,000. Your tenant has made a claim against you for his out of pocket expenses and loss of wages for the amount of \$10,000 arising from injuries in a fall from tripping over a large crack running across the driveway of your investment property. We assess this claim and agree you are liable for this amount. 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	\$10,000	This amount is paid to the injured party.
Less excess	-\$500	You pay us your excess.
Total claim	\$9,500	

Example 2: Total loss, removal of debris, other repair/rebuilding costs, loss of rent

Your investment property has a sum insured of \$330,000. You have insured your contents consisting of carpets, curtains and blinds for \$20,000. You have also purchased the optional cover Loss of rent – Insured event for an additional premium. There is a fire at your property and we determine that your investment property is a total loss. Your property was rented to a paying tenant at the time of the fire. A basic excess of \$800 was selected for the property and a basic excess of \$300 was selected for the contents. Your Loss of rent – Insured event basic excess is \$500.

What you are claiming	How much we pay to reinstate your loss	Further information
Building costs plus contents consisting of carpets, curtains and blinds	\$345,000	We decide to rebuild your investment property and it costs us \$345,000. We pay the builder \$345,000.
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 investment property. Under the additional feature 'Other repair/rebuilding costs' we will the reasonable costs for the services of professionals such as architects up to 10% of the sum insured of your investment property. We pay \$12,000 directly to the architect.
Extra rebuilding costs*	\$20,000	As your investment property is located in a cyclone risk area and prior to the loss your investment property did not comply with the relevant building code that came into effect after your investment property was built, we pay the extra building costs necessary to make your new investment property compliant with that building code. These extra rebuilding costs are \$20,000. We pay this directly to the builder.
Loss of rent	\$20,000	We agree that the property is unable to be lived in and your tenants decide to find alternative accommodation during the time it takes to rebuild your investment property. Under the optional cover 'Loss of rent – Insured event' you are covered up to the weekly rental amount (as defined in the PDS) for the reasonable amount of time it should take to repair or rebuild the property so it can be lived in again if we agree it cannot be lived in. We pay you for your loss of rent for the reasonable amount of time it takes to rebuild the property.
Less excess	-\$1,300	The higher of your property and contents basic excesses plus the Loss of rent – Insured event excess apply to your claim. We deduct the total from the settlement we give you.
Total claim	\$410,700	

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

Example 3: Partial loss – Loss of rent – Tenant default

Your investment property has a sum insured of \$260,000. You have purchased the optional cover 'Loss of rent – Tenant default' for an additional premium. Your tenant signed a 12 month rental agreement where the weekly rent payable is \$350. Your tenant leaves the property without notice and owes you 12 weeks of rent until the end of the rental agreement. It takes you 10 weeks to secure a suitable replacement tenant. The tenant has also put a hole in one of your walls. Your property basic excess is \$600.

What you are claiming	How much we pay to reinstate your loss	Further information
Loss of rent	\$2,100	Under the optional cover 'Loss of rent – Tenant default' we will pay for loss of rent if your tenant permanently leaves the property without giving you notice. The first 4 weeks of lost rent is not claimable. After the first 4 weeks we will pay loss of rent for up to a further 12 weeks or until you secure a new tenant. As you secure a new tenant after 10 weeks we pay you for 6 weeks at \$350 per week.
Less excess	\$0	No excess applies to the Loss of rent – Tenant default option (but there is a four week wait period as explained above).
Damage to wall	\$0	As both your basic excess of \$600 plus the malicious damage excess of \$500 apply to the claim for damage to the wall, you decide to withdraw this claim.
Total claim	\$2,100	

Example 4: Partial loss, landlord furnishings

Your investment property has a sum insured of \$400,000. You have elected not to purchase contents cover. During a severe storm your investment property partially loses its roof and rainwater damages the carpets in the lounge room. A basic excess of \$500 was selected for this policy.

What you are claiming	How much we pay to reinstate your loss	Further information
Roof repairs	\$15,000	We cover what it costs to repair the roof and arrange for a builder to carry out the repairs. We pay \$15,000 directly to the builder.
Carpet restoration	\$1,500	Under the 'Landlord furnishings' additional feature your policy extends to provide cover for up to \$5,000 for your domestic furnishings, furniture and carpets whilst in the property if loss or damage occurs due to an insured event. In this instance we pay the carpet cleaners for the restoration of the carpet.
Loss of rent	\$0	Your tenant needs to move out for two weeks while repairs are completed. As you did not purchase optional cover for Loss or rent – Insured event, you are not insured for any rent you lose.
Less excess	-\$500	You pay your excess of \$500 to the carpet cleaners.
Total claim	\$16,000	