

Classic Home and Contents Insurance

Your Guide to Premiums, Excesses, Discounts and Claim Payments



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The purpose of this guide is to provide further detail about the amount you pay for this insurance and the excesses that may apply if you make a claim. It also includes information about how we calculate and pay claims under your policy. This guide is taken to be part of the GIO Classic Home and Contents Insurance Product Disclosure Statement (PDS) dated 09 June 2010. This date is shown on the back cover of the PDS in the format "PDS dated". This guide is relevant to you if your policy has a commencement or renewal effective date on or after 14 December 2011.

About your premium

The premium is the amount you pay us for your insurance. It reflects what we consider is the likelihood of you making a claim together with other factors related to our cost of doing business.

You also pay stamp duty, GST, any government charges and fire services levy (FSL) that applies. These charges are applied as the final step in the premium calculation. Your certificate of insurance will show how much you have to pay.

When we calculate your premium there are a range of factors we take into account, we call these premium factors. The key factors that affect your premium are the type of covers and optional covers you choose and any discounts you are eligible for, together with any government charges. For example, selecting both home and contents cover will attract a higher premium than selecting only home or contents cover.

The amount of premium that you pay will also depend on information that you give us particularly the information you give us about your home and contents and the decisions you make in relation to your policy such as your choice of basic excess.

It is very important that all the information you give us is accurate and precise. For instance, the address for your home and contents has a significant impact on your premium. If you live in a unit this would mean giving us the exact unit number and street number of the unit building. If you do not give us this information it could have a significant impact on your premium, so it is important that you ensure the information you give us is accurate and precise.

Each year when we calculate your premium we may take into account some or all of the premium factors. The importance we place on the factors we use can change from year to year and how those factors combine to affect your premium will differ from person to person depending on the home or contents to be insured. The factors we use can also change depending on the type of cover you select.

The following is a guide to the most significant premium factors we use together with an explanation of the likely impact of those factors on your premium:

Premium factor	Likely effect on premium
Address and locality of the home and/or contents	Areas of low risk for insured events (such as storm and theft) attract lower premiums than areas of high risk for insured events.
Sum insured	Having a higher home sum insured will attract a higher premium than a lower sum insured.
Construction material of the home	Homes that have brick walls and steel roofing attract lower premiums than homes constructed of fibro asbestos walls and roofing.
Age of the home	Newer homes attract lower premiums than older homes.
Type of security	Homes with security features such as a local or monitored alarm, deadlocks on doors and keyed window locks attract a lower premium.
How the home is occupied	Owner occupied homes attract lower premiums than tenanted homes.
Your age	If you are in an age group which makes fewer claims then you will attract a lower premium.
Optional covers	The more optional covers you choose the higher your premium will be.
Level of basic excess	If you choose a higher basic excess this will attract a lower premium.
Payment frequency	If you pay by the month your premium will be higher than if you choose to pay annually.

Each time you renew your insurance your premium is likely to change. In addition to any change to the premium factors we use, premiums are 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 our approach to calculating your premium
- › automatic adjustments to the sum insured
- › our expenses of doing business
- › changes in government taxes and any state or territory levies and
- › other commercial factors.

When determining your renewal premium, we also consider how much you paid last year. As such, we may limit any movements up or down to your premium to avoid large changes in premiums year on year.

Premium discounts

In addition to the premium factors, the discounts you qualify for are also a significant factor affecting your premium. If you qualify for any of our discounts this will attract a lower premium.

These are some of the key discounts we offer:

- › Multi-policy discount
- › Combined home and contents discount
- › Top Strata insurance discount
- › Over 55 discount
- › Seniors card discount.

At time we may also offer premium discounts to particular customers as part of a promotion or to take account of market conditions.

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. The premium shown on your certificate of insurance includes any discounts you qualify for and these are applied before adding government charges. Discounts are not applied to the Domestic Workers Compensation Optional Cover.

Set out below is an example of how we usually apply our discounts when you are eligible for more than one discount:

Example

You are eligible for 2 discounts. One is a 10% discount and the other is a 5% discount. We have worked out using the premium factors that your premium before adding government charges is \$1,000. The discounts are applied to the premium in the following way.

Premium	Discount	Additional details
\$1,000	- 10%	You are entitled to a discount of 10% (\$100). Once this is applied it means a new premium of \$900.
\$900	- 5%	Your 5% discount is applied to the \$900 premium rather than to the \$1,000 base premium. This gives you a discount of \$45.
\$855	Discounted premium before government charges have been applied.	

Multi-policy discount

A multi-policy discount rewards you with a discount off your premium for holding multiple policies with us. You must have a common named insured and mailing address on each eligible policy in order to qualify for this discount.

If you take out a new policy which means you qualify for the multi-policy discount you get the discount on that new policy immediately and on your other existing policies the discount applies from their next renewal date provided you still qualify.

How to qualify	What you save
<p>Hold 3 or more eligible insurance policies with us from the following list:</p> <ul style="list-style-type: none">› Home Insurance› Contents Insurance› Motor Vehicle Comprehensive› Motor Vehicle Third Party Property Damage› Motor Vehicle Fire, Theft & Third Party Property Damage› Boat Insurance› Caravan/Trailer Insurance› NSW CTP Greenslip¹	<p>5% off your eligible insurance premiums</p>

1. The NSW CTP Green Slip premium cannot be discounted but it counts towards multi policy discount eligibility.

Combined home and contents discount

We reward you with a **15%** discount for combining your home and its contents on the same policy with us.

Top Strata insurance discount

If you own a home insured by GIO Top Strata Residential Insurance we reward you with a **15%** discount off your GIO Contents Insurance for the contents you own in that home.

Over 55 discount

We reward you with a **10%** discount for being 55 or over.

Seniors card discount

We reward you with a **6%** discount for being a seniors card holder.

Government taxes and charges

Home and Contents insurance policies are subject to stamp duty imposed by state and territory governments, 10% GST and in NSW and Victoria a FSL. Government charges are applied as the final step in the premium calculation. These amounts are shown on your certificate of insurance

About your excess

What is an excess

An excess is the amount you have to pay for each incident when you make a claim. We will deduct the excess from the amount of cover provided by your policy. The amount and types of excess are shown on your certificate of insurance. The different types of excess are:

Basic excess

A basic excess of **\$500** applies to all home and contents claims, except for portable or optional cover claims. You can choose to increase or decrease your basic excess within the range we offer.

The usual range of basic excess levels that you can choose is between **\$0** and **\$5,000**.

Earthquake and tsunami excess

When loss or damage is caused by an earthquake or tsunami, an excess of **\$300** will apply in addition to any other excess that applies.

Optional cover excess

The excess that applies for a claim made under the Motor burnout or Injury to pet dogs and cats' option depends on your choice of basic excess. The most excess you will pay for these optional covers is **\$100**.

For our other optional covers the amount of the optional cover excess is the same as the basic excess.

Portable cover excess

The excess that applies for a claim made under Portable cover depends on your choice of basic excess. The most excess you will pay for this cover is **\$100**.

Additional excess

We may impose an additional excess that applies on top of any other excess. This excess may be imposed for a range of reasons including for example:

- › where we consider you have made more claims than usual, or
- › if the home has been unoccupied for more than **60** consecutive days, or
- › if the home is located on certain islands off the Australian mainland.

When more than one excess applies

Depending on the circumstances, you might have to pay more than one type of excess when you claim.

Claim payments

The following examples are designed to illustrate how a claim payment might typically be calculated. The examples do not cover all scenarios or all benefits and do not form part of your policy terms and conditions. They are a guide only. In each of the examples we assume that you are not registered for GST.

Example 1 – Total loss home claim

Your home has a sum insured of \$380,000. Your basic excess is \$500.

Your city has been hit by a major cyclone and your home was one of many that were destroyed during the event. The scale of the event has caused an immediate surge in demand for building materials and tradespersons resulting in higher rebuilding costs.

The cost to rebuild the home now is \$440,000. To remove debris and clear the site will cost an extra \$40,000.

At the time of the loss you are 6 months into the period of insurance.

Adjustment to your home sum insured		Additional information
Home sum insured	\$380,000	Your sum insured is not enough to cover the cost to rebuild your home. Accordingly we apply a pro-rata adjustment to your home sum insured and if this is still not sufficient we will also apply safety net home protection.
Pro-rata adjustment	$\$380,000 \times (10\% \times 6/12)$ because you are only 6 months into your period of insurance = \$19,000	If you make a claim part way through the period of insurance we bring forward the sum insured adjustment that would have applied at your next renewal date. In this example the current annual adjustment is 10%. See PDS on page 31 and 62.
Adjusted home sum insured	\$399,000	As the adjusted home sum insured falls short of the cost to rebuild (\$440,000), safety net home protection also applies.
Safety net home protection	$\$399,000 \times 0.25 =$ Up to \$99,750	Safety net home protection provides up to 25% extra home cover if your adjusted home sum insured falls short of rebuilding costs. See PDS on page 30.
Adjusted home sum insured + safety net home protection	$\$399,000 + \$41,000$ \$440,000	This is now enough cover to rebuild your home.
How much we pay		Additional information
Cost to rebuild home	\$440,000	We pay this amount directly to the builder. The cost to rebuild is paid from the full amount of the adjusted home sum insured of \$399,000 plus \$41,000 provided under safety net home protection.
Removal of debris	\$40,000	We pay this amount directly to the supplier. Under the removal of debris additional feature we pay up to 15% of your adjusted home sum insured of \$399,000. So, the maximum cover under this feature is \$59,850. This amount is paid in addition to the home sum insured.
Total amount of claim	\$480,000	
Less excess	- \$500	We deduct this from the total amount of claim.
Total claim	\$479,500	

Example 2 – Partial loss – Listed portable cover

You have insured your engagement ring as a listed item under Portable cover. The sum insured for your engagement ring is \$10,000. While you were swimming at your local beach your ring slipped off your finger and you are unable to find it.

Your basic excess is \$500.

How much we pay		Additional information
Cost to replace your ring	\$8,000	We are able to replace your old ring new for old within your sum insured.
Less excess	- \$100	Your portable cover excess is your basic excess or \$100 whichever is less. In this case your basic excess is \$500 so the lower \$100 excess applies.
Total claim	\$7,900	We pay this amount directly to the jeweller. As we have replaced your engagement ring this listed item is removed from your policy and there is no premium refunded for the unused period of insurance. If you want to cover the replacement ring then you will need to apply for new cover.

Example 3 – Partial loss – Bundled portable cover

Your digital camera is insured under Bundled portable cover. While bushwalking near your home you accidentally drop the camera and it is damaged. Unfortunately the camera cannot be repaired and needs to be replaced. The cost to replace the digital camera is \$1,200.

Your basic excess is \$300.

How much we pay		Additional information
Cost to replace your camera	\$1,200	The most you can claim under Bundled portable cover for any one item is \$1,000.
Limit of cover	\$1,000	
Less excess	- \$100	Your portable cover excess is your basic excess or \$100 whichever is less. In this case your basic excess is \$300 so the lower \$100 excess applies.
Total claim	\$900	As the sum insured is not enough to replace the camera, we pay this amount to you.

Example 4 – Partial loss – Motor burnout option

You choose the Motor burnout option on your home cover.

Your ducted air conditioning unit motor has suddenly stopped working and the repairer's report confirms that the motor for the unit has fused. The age of the motor in the ducted air conditioning unit is 5 years old.

Your basic excess is \$500.

How much we pay		Additional information
Cost to replace the motor	\$800	Under this option we only cover the cost to either replace or repair the motor in the ducted air-conditioning unit. In this case the motor requires replacement.
Less excess	- \$100	Your optional cover excess for the motor burnout option is your basic excess or \$100 whichever is less. In this case your basic excess is \$500 so the lower \$100 excess applies.
Total claim	\$700	We pay this amount to the repairer.

Example 5 – Partial loss home

Your home has a sum insured of \$470,000. Your basic excess is \$500. A severe storm with gusty winds results in a tree falling onto your roof and damaging it significantly.

We assess that your home is not liveable until repairs are completed and you and your family move into temporary accommodation for 4 weeks while repairs are undertaken. This accommodation costs \$2,000.

We assess the repairs to the roof will cost \$89,000.

How much we pay		Additional information
Cost to repair home	\$89,000	We pay this amount directly to the builder.
Temporary accommodation costs	\$2,000	We pay temporary accommodation costs up to 10% of your home sum insured. So, the maximum cover under this feature is \$47,000. This is paid in addition to the sum insured. We normally reimburse you for these costs.
Total amount of claim	\$91,000	
Less excess	- \$500	We deduct this from the total amount of the claim.
Total claim	\$90,500	

Example 6 – Legal liability home cover

Your home is insured under your policy.

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 for their out of pocket expenses and loss of wages for a 6 week period for the amount of \$14,800. We assess this claim and agree you are liable for these amounts.

Your basic excess is \$500.

How much we pay		Additional information
Total amount of liability	\$14,800	We assess the claim and agree you are liable. We pay this amount to the injured party.
Less excess	- \$500	You pay your basic excess to us before we settle the claim.
Total claim	\$14,300	

Example 7 – Legal liability contents cover

You have a contents insurance policy with us. While riding a push bike along the road, your son who lives with you accidentally rode into a parked car causing scratches to the vehicle. The cost to repair the damage to the vehicle is \$2,000.

Your basic excess is \$500.

How much we pay		Additional information
Repair cost to vehicle	\$2,000	This amount is paid to the owner of the damaged vehicle.
Less excess	- \$500	You pay your basic excess to us before we settle the claim.
Total claim	\$1,500	

How to contact us

- › Phone us **24 hours a day – every day**
- › For enquiries **13 10 10**
- › For claims **13 14 46**
- › Report any suspected insurance fraud to our hotline on **1300 881 725**
- › Visit one of our **branches** or **agencies**
- › Find us on the web at **gio.com.au**

Who we are

This insurance is issued by

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