Landlord Insurance

Your guide to Premiums, Excesses,
Discounts and Claim Payments
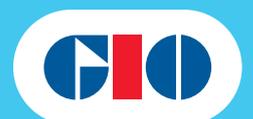
Your guide to Premiums, Excesses, Discounts and Claim Payments

The Premiums, Excesses, Discounts and Claim Payments Guide (**PED 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 Landlord Insurance Product Disclosure Statement (**PDS**) dated 24 May 2013.

This guide is relevant to you if your policy has a commencement date on or after 03/09/13 or renewal effective date on or after 13/10/13.

About your premium

The premium is the amount you pay us for this insurance. It 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 & services tax (GST) and fire services levy (FSL) if applicable in your state or territory. Your certificate of insurance 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 these factors combine to affect your 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;

▸ Other commercial factors.

When determining your renewal premium, we also consider how much you paid previously. As such we may limit movements up or down.

Significant factors affecting your premium include a combination of some or all of the following:

Factor
The address of the insured property
Sum insured
The type of insurance you have chosen (property, contents or both)
Any options you have chosen
Construction material and other characteristics of the property
The standard excess you choose

Paying by the month

Your premium will be higher if you choose to pay by the month, rather than annually.

Premium discounts

Discounts are also a factor that can affect your premium. The premium you pay for your insurance includes any discounts we have given you. Any discounts are usually calculated and applied before the application of government taxes and charges. Discounts are not applied to the Domestic Workers Compensation Optional Cover.

The main discounts we offer are:

▶ Multi-policy discount;

▶ Combined Landlord home and contents discount.

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 The amount and type of discounts that may be offered can change or be withdrawn.

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

Multi-policy discount

A multi–policy discount rewards you with a discount off your premium for holding three or more eligible paid personal insurance policies with us. There must be a common mailing address and the person(s) seeking the discount must be nominated as an insured with the same name on each eligible policy. If you take out a new policy which means you qualify for the multi-policy discount, you are eligible to receive the discount on that new policy immediately and on your other existing policies from their next renewal date, provided you still qualify. If you believe you are eligible for the multi-policy discount but it is not shown on your certificate of insurance, please contact us. Eligible personal insurance policies are home, contents, car, motorcycle, caravan, boat. A GIO NSW CTP Green Slip also counts as an eligible policy but the CTP Green Slip premium cannot be discounted.

Combined Landlord home and contents discount

We reward you with a discount for combining your landlord home and contents for the same address on the same policy with us.

If your unit is in a building insured by GIO Strata Insurance we reward you with a discount off your GIO Contents insurance for the contents you own in that unit.

Government taxes and charges

Landlord insurance policies are subject to stamp duty, imposed by state and territory governments, GST and a FSL if applicable.

Your excess

The different types of excesses are:

Standard excess

You can choose a standard excess from the levels we offer. The levels we offer usually fall between $0 and $5,000.

Additional excess

In some circumstances, an additional excess may apply based on our assessment of the risk. This can be due to reasons such as claims history, location and building type.

Motor burnout excess

An excess of $100 will apply if you make a claim under the optional cover for motor burnout.

Theft or burglary by tenants or their guests excess

Refer to page 52 of the PDS.

Malicious acts or vandalism by tenants or their guests excess

Refer to page 52 of the PDS.

Loss of rent – tenant default excess

Refer to page 52 of the PDS.

Earthquake and tsunami excess

An excess of $300 will apply if you make a claim for loss or damage as a result of an earthquake or tsunami.

Unoccupied excess

An unoccupied excess of $1,000 will apply, if, at the time of the incident covered by your policy, the property or unit has been unoccupied for more than **60** continuous days.

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. GIO always determines real claim payments on an individual basis, after we have assessed each claim. You should read the PDS and your certificate of insurance for full details of what we cover as well as what policy limits, conditions and exclusions apply.

Notes about the claim payment examples:

▶ all examples imply that an excess is payable. When you make a claim we will choose whether to deduct the applicable excesses from the amount we pay you or direct you to pay the excesses to us or to the appointed repairer or supplier;

▶ all amounts are shown in Australian dollars and are GST inclusive;

▶ all examples assume that the policy holder is not registered for GST.

Example 1 – Total loss – Property and contents claim

Your investment property has a sum insured of $380,000 and safety net property protection is an automatically included additional feature. You have a contents sum insured of $10,000 for your carpets and curtains. Your property standard excess is $500 and your contents standard excess is $500.

Your city has been hit by a major cyclone and your property 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.

We assess the cost to rebuild the property now is $440,000. To remove debris and clear the site will cost an extra $40,000. Your weekly rental amount before the cyclone is $500 (refer to the PDS for what we mean by 'weekly rental amount') and it takes 42 weeks to rebuild your property.

Adjustment to your property sum insured		Additional information
Property sum insured	$380,000	Your sum insured is not enough to cover the cost to rebuild the property. We will apply the safety net property protection additional feature.
Safety net property protection	$380,000 x 25% up to $95,000	Safety net property protection provides up to 25% extra property cover if your property sum insured falls short of rebuilding costs. See page 29 of the PDS.
Property sum insured + safety net property protection	$380,000 + $60,000 = **$440,000**	This is now enough cover to rebuild your property.

How much we pay		Additional information
Cost to rebuild your property	$440,000	We pay this amount to the builder.
		The cost to rebuild is paid from the full amount of your property sum insured of $380,000 plus $60,000 provided under the 'Safety net property protection' additional feature.
Environmental improvements	$1,500	You want to install a rainwater tank at the property under the 'Environmental improvements' additional feature. We pay the supplier.
Cost to replace carpets and curtains	$10,000	We pay this amount directly to the suppliers.
Total loss of rent	$21,000	$500 x 42 weeks.
		We pay for loss of rent caused by an insured event for the reasonable time it takes to repair so the property can be lived in again, for up to 52 weeks lost rent or 10% of the property sum insured of $380,000, whichever is less. See page 27 of the PDS.
Removal of debris	$39,000	We pay this amount directly to the contractor.
		Under the 'Removal of debris' additional feature we pay up to 10% of your property and contents sums insured of $390,000. So, the maximum cover under this feature is $39,000. You will need to pay the balance of this cost ($1,000) to the contractor. This amount is paid in addition to the property sum insured.
Total amount claimable	**$511,500**	
Excess payable	- $500	
Total claim amount paid	**$511,000**	

Example 2 – Loss of rent – tenant default

Your investment property has a sum insured of $360,000 and a contents sum insured of $10,000. Your tenant has signed a 12 month written rental agreement (refer to the PDS for what we mean by 'written rental agreement') where the weekly rental amount is $400 (refer to the PDS for what we mean by 'weekly rental amount'). Your tenant leaves the property without notice and owes you 12 weeks of outstanding rent. It takes 4 weeks to find new tenants.

How much we pay		Additional information
Total loss of rent	$6,400	$400 x 16 consecutive weeks.
		The most we will pay for your claim under the 'Loss of rent - tenant default' additional cover is 14 weeks lost rent to a maximum of $5,000. See page 32 of the PDS.
Less first 4 weeks	- $1,600	We do not pay the first 4 weeks of any unpaid rent.
Total amount claimable	**$4,800**	
Excess payable (Loss of rent – tenant default excess)	- $500	
Total claim amount paid	**$4,300**	

Example 3 – Partial loss – Property claim

Your investment property has a sum insured of $360,000. The standard excess is $500. The weekly rental amount you receive is $400 (refer to the PDS for what we mean by 'weekly rental amount'). A kitchen fire has severely damaged the kitchen and we assess the reasonable time it will take to repair the damage so the property can be lived in again is 6 weeks. Due to the extent of damage we determine that the property is not liveable and the tenants will need to move out of the property while the repairs are undertaken. We assess the cost to repair the damaged kitchen is $40,000.

How much we pay		Additional information
Total cost of repairs	$40,000	We pay this amount to the repairer.
Total loss of rent	$2,400	$400 x 6 weeks.
		We pay for loss of rent caused by an insured event for the reasonable time it takes to repair so the property can be lived in again, for up to 52 weeks lost rent or 10% of the property sum insured of $360,000, whichever is less. See page 27 of the PDS.
Total amount claimable	**$42,400**	
Excess payable	- $500	
Total claim amount paid	**$41,900**	

Example 4 – Legal Liability – Property claim

Your investment property is insured for $450,000. 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 an injury he sustained when he tripped over a large crack running across the driveway of your investment property. We investigate and assess this claim and reach a decision that you are legally liable for this claim and we determine the amount payable. Our decision may differ with the factual circumstances of each claim. Your property standard excess is $500.

How much we pay		Additional information
Total amount of claim	$10,000	We pay this amount to the injured party.
Excess payable	- $500	
Total claim payment	**$9,500**	