

Landlord Residential Building Policy

Premium, Excesses, Discounts &
Claim Payments Guide

Your guide to Premium, Excesses, Discounts & Claim Payments

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 forms part of our Landlord Residential Building Policy Product Disclosure Statement and Policy Wording (**PDS**) and any Supplementary Product Disclosure Statement (**SPDS**) we have sent you.

AAI Limited ABN 48 005 297 807, AFS Licence No. 230859 trading as Vero Insurance is the insurer and issuer of the insurance policy and is the issuer of this guide.

This guide applies to policies that have an effective date on or after 4 December 2017 and for policies that renew on or after 1 February 2018.

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 and other factors related to our cost of doing business. The premium includes any discounts we give you as well as any applicable stamp duty, goods and services tax (GST), charge and levy. Your policy schedule will show 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 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 charges or levies;
- ◆ Changes in our approach to calculating your premium;
- ◆ Automatic adjustments to the weekly rent sum insured;
- ◆ 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:

Premium factor	Likely premium impact
Address and locality of the property	Areas of low risk for insured events attract lower premiums than areas of high risk for insured events.
Weekly rent sum insured	Properties which have a lower weekly rent will attract a lower premium than a property with a higher weekly rent.
Building sum insured	Having a higher sum insured will attract a higher premium than a lower sum insured.
Year built	Newer homes may attract lower premiums than older homes.
Use of property	Holiday let properties attract a higher premium than properties which are tenanted on a permanent basis.
Excess selected	If you select a higher tenant damage, building damage or earthquake or tsunami excess then your premium will be lower. If you select a lower tenant damage, building damage or earthquake or tsunami excess, then your premium will be higher.

Premium discounts

In addition to the premium factors, the discounts you qualify for are also a significant factor affecting your premium. The following discounts are available to eligible applicants.

Online discount

To be eligible for the online discount you must apply and pay for a new Landlord Residential Building Insurance Policy via the Terri Scheer website www.terrischeer.com.au. If you meet this criteria then you will be entitled to a discount on the premium payable for that policy.

Combined policy discount (CPD)

To be eligible for a combined policy discount you must have the Landlord Residential Building Insurance Policy with us along with one of the following other policies on the same property:

- ◆ Landlord Preferred Policy; or
- ◆ Landlord Preferred Policy – Self Managed; or
- ◆ Scheer Short Stay Policy.

If you take out a new Landlord Residential Building Insurance Policy, and you meet the above criteria, you are entitled to get the discount on that new policy immediately.

If you have an existing Residential Building Insurance Policy and you take out a Landlord Preferred Policy, a Landlord Preferred Policy – Self Managed or a Scheer Short Stay Policy on the same property, a pro-rated discount will apply to the premium payable on the Landlord Residential Building Insurance Policy for the remaining period of insurance.

This discount will only apply if both policies are current.

From time to time we might also offer discounts or some other special offers 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. The amount and type of discount offered can change or be withdrawn.

Government taxes & charges

Landlord insurance policies are subject to stamp duty, imposed by state and territory governments, GST and if applicable other government charges and levies.

How we calculate the amount you pay for this insurance policy

Step 1	First, we calculate an amount to cover the risk, which is dependent on the premium factors.
Step 2	To the amount in step 1, we add applicable government charges.
Step 3	Once this amount is calculated we calculate any discount that you are eligible for, and apply it to the amount from step 2.

The amount payable for this insurance is shown in your policy schedule.

Excesses

The excesses that apply to your policy are stated on your certificate. The different types of excesses are:

Claim type	Excess
Tenant damage	You may choose the amount of this excess from the range we offer and this will apply to all claims for tenant damage. Your excess will be shown on your policy schedule*.
Earthquake or tsunami	You may choose the amount of this excess from the range we offer and this will apply if you make a claim for loss or damage directly or indirectly caused by earthquake or tsunami. Your excess will be shown on your policy schedule*.
Building damage	You may choose the amount of this excess from the range we offer and this will apply to claims for building damage caused by an insured event other than 'Tenant damage' and 'Earthquake or tsunami'. Your excess will be shown on your policy schedule*.
Loss of rent, Liability to others or any 'Additional benefits' listed in Section 1	No excess applies.

* In certain unusual circumstances we may impose a higher excess than the amounts listed above. We may impose a higher excess where:

- ◆ We assess you to be a greater than usual risk based on your claims history or other risk factors; or
- ◆ Your property is unoccupied for a period of 90 days or more.

If you are required to pay a higher excess the amount will be shown on your policy schedule.

Claim payment examples

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. Terri Scheer Insurance always determines real claim payments on an individual basis, after we have assessed each claim. You should read the PDS and your schedule for full details of what we cover as well as what limits, excesses, conditions and exclusions apply.

Notes about the claim payments examples:

- ◆ all amounts are shown in Australian dollars and are GST inclusive;
- ◆ all examples assume that you are not registered for GST;
- ◆ the excess in the examples may not be the same as your excess. Refer to your policy schedule for your excess.

Example 1

Tenant damage

You have the Landlord Residential Building Policy and you did not choose to increase any sums insured and your tenant vacates at the end of their lease owing no rent but has caused significant damage to the property. A claims assessor appointed by us has inspected the damage and reports that the property has sustained the following damage:

- ◆ 3 doors have been kicked in – \$1,000 to repair;
- ◆ 6 walls have punch holes - \$900 to repair;
- ◆ 4 walls were damaged due to use of picture hooks – \$500 to repair;
- ◆ There was damage to the bathtub however this was noted on the property condition report when the tenant moved in – \$500 to replace;
- ◆ General cleaning costs - \$900.

The weekly rent was \$300 and the bond money held was \$1,200. For the purpose of this example we assume the excess for tenant damage is \$500.

Non-claimable damage	\$0	Under the terms of 'Section 1: Building' of the policy we are unable to consider loss or damage to your building which is not caused by any of the insured events listed in Section 1. As the bathtub damage was noted on the property condition report prior to the current tenancy beginning, we are unable to accept it as loss or damage which is covered under the insured event 'Tenant damage' or allow it as a deduction from the current tenant's bond.
Tenant damage (building)	\$2,400	'Section 1: Building' provides cover for loss or damage to your building caused by the tenant under the insured event 'Tenant damage'. We agree that the 3 kicked in doors, 6 walls with punch holes and the walls damaged by picture hooks were caused due to tenant damage. The total repair cost of this damage is \$1,000, plus \$900, plus \$500 which equals \$2,400.
Less excess	-\$500	The excess for tenant damage is applied per claim, so one excess is payable for all costs incurred as a result of tenant damage submitted as one claim.
Less bond money	-\$300	The policy requires that tenant damage claims be reduced by any available bond money after reletting expenses have been paid. In this instance the bond money held is \$1,200, less general cleaning costs of \$900, leaves \$300 remaining from the bond money.
Total claim	\$ 1,600	Amount payable for all tenant damage \$2,400, less \$500 excess, less \$300 bond money equals \$1,600.

Example 2: Fire damage plus loss of rent (permanent tenancy)

You have the Landlord Residential Building Insurance Policy with a building sum insured of \$150,000. An accidental electrical fire results in major damage to the building which also leaves the property in an untenable condition. We send a claims assessor to inspect the damage and they report the following:

- ◆ The fire was caused by faulty wiring in the wall;
- ◆ There is substantial fire and smoke damage to 2 bedrooms, the hallway and the living area;
- ◆ Our claims assessor sourced 2 quotes to repair the damage caused by the fire with the most economical quote being \$75,000;
- ◆ It is estimated that it will take 14 weeks to complete repairs and to return the property to a tenable condition;
- ◆ There was a permanent tenancy in place at the time of the fire and their weekly rent was \$300.

For the purpose of this example we assume the excess for building damage is \$500 as selected by the customer.

Fire damage	\$75,000	'Section 1: Building' provides cover for loss or damage to your building caused by the insured event 'Fire or explosion'. We agree the damage was caused by fire and that the quote provided in the amount of \$75,000 is reasonable (and less than the building sum insured of \$150,000). Under 'Basis on which claims are paid - Repairing and replacing your building' in Section 1 we elect to repair the property to a condition substantially the same as, but not better, than when new.
Less excess	-\$500	The excess for building damage is \$500 and we ask you to pay it to the builder.
Subtotal	\$74,500	On satisfactory completion of repairs, the builder then invoices the balance of the quote to us and we pay \$74,500 direct to the builder.
Loss of rent	\$4,200	'Section 2: Loss of rent' provides cover for lost rental income when your property becomes untenable for a minimum period of 7 days due to damage to your building caused by fire and we have accepted your claim under Section 1. The weekly rent is \$300 and the property was untenable for a period of 14 weeks. We therefore pay you 14 x \$300 per week = \$4,200.
Total claim	\$78,700	

Example 3: Escape of liquid plus leak location costs

You have the Landlord Residential Building Insurance Policy. The tenant contacts you to advise that 5 tiles have fallen off the wall in the shower recess. You contact us and we then send out a claims assessor to inspect the damage.

The claims assessor reports to us that:

- ◆ They engaged a plumber to inspect the pipes. The plumber had to cut a hole in a wall in the adjacent bedroom in order to locate where the leak was coming from – this incurred a cost of \$250. The plumber found that a pipe in the shower wall had burst;
- ◆ There is a need to replace the section of wall in the shower which had become wet and then retile it. The quote obtained was for \$1,500;
- ◆ There is also a need to repair the hole in the bedroom wall which was made by the plumber in their efforts to locate the leak. The quote obtained for this repair was for \$400;
- ◆ The cost to fix the burst pipe was \$150.

For the purpose of this example we assume the excess for escape of liquid is \$500 as selected by the customer.

Escape of liquid	\$1,500	Section 1 'Building' provides cover for loss or damage to your building caused by the insured event of 'Escape of liquid'. We agree the damage to the tiles was caused by water accidentally escaping from the burst pipe and that the quote provided in the amount of \$1,500 to replace the section of wall and replace the damaged tiles is reasonable.
Less excess	-\$500	The excess for building damage is \$500.
Subtotal	\$1,000	The amount we pay you for damage to your building caused by the accidental escape of liquid after deducting the excess.
Leak location costs	\$650	An additional benefit in Section 1 of this policy provides cover for the reasonable costs of locating the source of the leak if we have first agreed to pay a claim for escape of liquid. In this instance we have accepted your claim for damage caused by escape of liquid and therefore we will also pay: <ul style="list-style-type: none"> ◆ \$250 for the cost of the plumber to locate the leak; plus ◆ \$400 to repair the wall which was damaged as a result of the plumber trying to locate the leak.
Repair of pipe	\$0	The \$150 cost to fix the burst pipe which was the source of the leak is not covered by this policy. This would be deemed a maintenance issue which you would need to pay.
Total claim	\$1,650	This is the total amount we pay you for damage caused by the escape of liquid plus the cost to locate the source of the leak.

Financial Claims Scheme

This policy 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 www.fcs.gov.au

Report Insurance Fraud

Insurance fraud is not a victimless crime. It imposes additional costs on honest policy holders and wastes the valuable resources of our community. This means it affects everyone.

We actively pursue fraudulent and inflated claims in order to keep your premiums as low as possible. Fraudulent claims will be investigated and may be reported to the police.

Help us fight insurance fraud by reporting:

- ◆ inflated vehicle or home repair bills;
- ◆ staged vehicle or home incidents;
- ◆ false or inflated home or vehicle claims;
- ◆ home or vehicle fires which may be intentionally started, including by someone known to you.

To report suspected insurance fraud call: 1300 881 725. Let's work together to reduce the impact of insurance fraud on the community.