

### **Landlord Insurance**

#### Building and Contents

Effective 13th July, 2012

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# The Buzz Premium & Excess Guide

Our customers have asked for a clear explanation of how a price is calculated and what excess may need to be paid in the event of a claim.

**The Buzz Insurance Premium & Excess Guide** outlines our approach to pricing and shows exactly what excess we have in place and when it may apply. It should be read in conjunction with **The Buzz Landlord Insurance Product Disclosure Statement (PDS)**. This Guide applies to policies issued by us starting on 13th July, 2012.

## How we work out your premium

The premium you pay for your insurance reflects the *likelihood* of you making a claim together with the *potential value* of a claim. If you have a *lower* chance of making a claim, you'll generally pay a *lower* premium compared to someone who has a higher chance of making a claim. A number of factors are taken into account when we calculate a premium:

- Pricing factors are based on the 'risk'
  - the suburb where your rental property and contents are located
  - age of rental property and construction materials of walls/roof (*Building Insurance only*)
  - amount of rent that is stated on your written rental agreement
  - number and types of claims of the owner, co-owner and people insured on the policy in the past five years
  - sum insured of the rental property and contents
  - risk of flood to the rental property
  - basic excess amount you choose
- Any *optional extras* you choose
- Government taxes and charges
- The payment method you choose.

## Reducing your premium

You can reduce your premium by selecting a higher excess – it's your choice. This is the amount you're willing to contribute in the event of a claim. Our website helps you see the impact on your premium based on the different levels of excess selected.

## Shaping your policy to suit you

**The Buzz** offers the Central Pack for Building and Contents and three *optional extras* - flood, accidental loss or damage, and motor burnout (fusion). Each type of cover and each *optional extra* is priced separately so you can see exactly what you're paying for. Your total premium is based on the total cost of each cover and options you choose.

## Government charges

Building and Contents insurance policies are subject to charges and GST. In NSW, VIC and TAS, insurance companies are also required by law to collect a levy to pay for the Fire Services.

## Government charges (cont).

Government Charges*	NSW	Vic	QLD	SA	WA	TAS	NT	ACT
GST (Federal tax)	10%	10%	10%	10%	10%	10%	10%	10%
Stamp Duty (State tax)	9%	10%	7.5%	11%	10%	8%	10%	10%
Fire Services (State levy)	21%	Country 36% Metro 18%	x	x	x	28%	x	x

\* These rates are subject to change by the applicable State and Federal governments.

## How we calculate your premium

- Step 1**      **Your cover.** We combine the pricing factors for the covers you select. If you have Building and Contents cover you will pay a lower premium than if you buy them separately.
- Step 2**      **Choose your excess.** You can choose a higher basic excess to reduce your premium. See the excess section below for more information.
- Step 3**      We **calculate the cost** of any optional cover you may have chosen and the cost
- Step 4**      We add applicable government charges.
- Step 5**      Finally, we calculate the amount. We'll show you the amounts for the annual and monthly payment options. You choose how you want to pay your premium.

## How we work out your excess

**What's an excess?** It's what *you* pay towards the cost of a claim. If you choose a higher excess your premium will be reduced. If you make a claim, you will need to pay any excess to either the builder, repairer or supplier directly (we will tell you who to pay it to) or, sometimes, to us. We may not finalise a claim until you have paid any excess that applies.

The amount and types of excess payable are shown on your current *Certificate of Insurance*. You may have to pay more than one type of excess depending on your circumstances and the event you are claiming for. See the **PDS** for more details about when a particular excess will apply.

## Types of excess

- Basic
- Earthquake
- Accidental damage
- Security
- Motor burnout (fusion)

## Basic excess

To make insurance affordable insurers ask customers to contribute an amount in the event of a claim – a basic excess. Here at **The Buzz** we provide you with a choice of the basic excess you would be willing to pay. Your basic excess amount will be shown on your *Certificate of Insurance*.

If you choose a higher excess on your policy, you can decrease your premium. Or you can pay a lower excess and pay a higher premium. The choice is yours.

In addition to the basic excess, we'll deduct 4 times the weekly rental amount stated on your written rental agreement for the following events:

- Rent default
- Theft by a tenant or their guest
- Vandalism or a malicious or intentional act by a tenant or their guest

### Your basic excess choices

You can choose one of the following amounts as your basic excess. For a combined building and contents policy, you can choose a different level of excess for building than for contents:

Building excess levels	Contents excess levels
\$5,00	\$300
\$7,00	\$500
\$1,000	\$700
\$2,000	\$1,000
\$3,000	\$2,000
\$5,000	
\$7,000	
\$10,000	

### Other types of excess that apply

There are times that an excess is paid in addition to the basic excess or in place of the basic excess. These instances are outlined below.

#### Earthquake excess

If you lodge a claim for earthquake damage you must pay an earthquake excess of \$100 **in addition** to any other excesses that apply, including the Basic excess.

#### Accidental damage excess

If you have the *optional extra* accidental damage, and you lodge a claim for accidental damage, you need to pay an accidental damage excess of \$300. This is **in place of** the basic excess.

#### Security excess

Depending on the type of security in your rental property, the sum insured you have requested and the risk that exists in your area, we may apply an additional security excess. If a security excess applies to your policy it will show on your *Certificate of Insurance*. The security excess is paid **in addition** to the basic excess for theft or vandalism or intentional act claims (see the **PDS** for more detail on when this excess will apply).

#### **Motor burnout (fusion) excess**

If you have the fusion optional extra cover, and you lodge a claim for your motor burnout (fusion) you need to pay a fusion excess of \$300. **This replaces** the basic excess for fusion claims.

#### **When an excess does not apply**

You don't need to pay an excess for a liability claim.

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