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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 excesses 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 Car Insurance Product Disclosure Statement (PDS)**. This guide applies to policies issued by us starting on June 18, 2009.

How we work out your premium

Your insurance premium is calculated on the likelihood of a claim being made on your Policy in the future and the cost of the claim if it was to occur. We take a number of factors into account when determining your premium.

We calculate your premium by combining the:

- Pricing factors based on the risk (for example type of car, condition of car, area where car is kept, driving record)
- Policy options that you choose
- Government taxes and charges
- Payment method

Pricing factors

The premium you pay for your insurance reflects the likelihood of you making a claim together with the potential value of any claim. If you have a lower chance of making a claim, you will generally pay a lower premium compared to someone who has a higher chance of making a claim.

Pricing factors we may consider in determining your premium by cover type

Pricing factor	Collision	Fire & Theft	Third Party Property Damage	Storm & Water Damage
Suburb where your car is kept	✓	✓	✓	✓
Age of owners and regular drivers of your car	✓	✓	✓	x
Your car, which includes modifications, security features and its fuel efficiency. This is shown on your Certificate of Insurance	✓	✓	✓	✓
The number and type of claims and incidents that all owners and drivers have had in the last 5 years	✓	✓	✓	✓

The amount you want your car insured for as shown on your Certificate of Insurance. This is an opportunity for you to take into account the condition of your car	✓	✓	x	✓
The way you use your car, for example private or business use	✓	✓	✓	✓

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 **four types of cover** and **two optional extras**. 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 type of cover and option you choose.

Government charges

Car insurance policies are subject to two taxes, stamp duty imposed by state and territory governments in addition to GST. In NSW, insurance companies are also required by law to collect a levy to pay for the Fire Services.

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)	5%	10%	5%	11%	10%	8%	10%	10%
Fire Services (State levy)	1%	-	-	-	-	-	-	-

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

How we calculate your premium

- Step 1** We combine the pricing factors for the covers you select. When you first get a quote from us, your premium will be based on a policy which includes all our covers. De-selecting covers will reduce your premium (and reduce your insurance cover). For example, de-selecting Fire & Theft will reduce your premium, but you will not be able to claim for fire or theft related claims.
- 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 then 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.

How we work out your excess

Here at **The Buzz** we work to insure as many people as we can. However, we want to do this without impacting the price others have to pay. Our excess approach has been developed based on the individual's circumstances.

What's an excess? It's what *you* pay towards the cost of a claim. Not all claims include an excess - if someone else was completely at fault and you can identify them, you generally won't pay one or you will get the excess back. If you make a claim, you will need to pay any excess to either the repairer or supplier directly (we will tell you who to pay it to). 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. See the **PDS** for more details about when a particular excess will apply.

5 types of excess

- Basic
- Age
- Inexperienced Driver
- Car Modification
- Licence Suspension

Basic excess

To make insurance affordable insurers ask customers to contribute an amount in the event of a claim. Here at **The Buzz** we provide you a choice of this basic excess. Customers select the risk they are prepared to take on themselves. 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.

Your Basic excess choices

You can choose one of the following excess amounts as your basic excess:

- \$600 (minimum)
- \$800
- \$1,000
- \$1,200
- \$1,400
- \$1,600
- \$1,800
- \$2,000

Age excess

The age excess applies to any **Third Party Property Damage** or **Collision** claim if a person aged 23 or younger is driving your car at the time of the incident.

Within this excess we have two levels of excess to reflect younger people gradually gaining more driving experience and therefore changing their risk profile: The two levels are:

- Under 20 years old excess
- 20 to 23 years old excess

You must pay it in addition to the **Basic excess** and any **Car Modification excess** that applies. You can't pay an additional premium to remove the age excess.

The following three tables explain what **Age excess** may apply at claim time:

If you don't declare any young drivers under 23 years				
	Collision	Fire & Theft	Third Party Property Damage	Storm & Water Damage
Driver aged under 20 years of age	\$1,600	-	\$1,600	-
Driver aged 20-23 years of age	\$800	-	\$800	-

If you declare any young driver aged 20 - 23 years then you will receive a reduced Age excess				
	Collision	Fire & Theft	Third Party Property Damage	Storm & Water Damage
Driver aged under 20 years of age	\$1,600	-	\$1,600	-
Driver aged 20-23 years of age	\$400	-	\$400	-

If the young driver is a declared driver under the age of 20 years old				
	Collision	Fire & Theft	Third Party Property Damage	Storm & Water Damage
Driver aged under 20 years of age	\$800	-	\$800	-
Driver aged 20-23 years of age	\$400	-	\$400	-

Inexperienced Driver excess

The **Inexperienced Driver excess** applies to any **Third Party Property Damage** or **Collision** claim if a person with less than two years of driving experience aged 24 or over is driving your car at the time of the incident.

The amount of this excess is \$400 and will be shown on your current **Certificate of Insurance**. It's payable in addition to the other excesses.

Inexperienced Driver excess				
	Collision	Fire & Theft	Third Party Property Damage	Storm & Water Damage
Driver with less than 2 years driving experience aged 24 or over	\$400	-	\$400	-

Car Modification excess

The **Car Modifications excess** has different amounts attributed to different modifications to reflect the value of the modification – and the cost to get it fixed or replaced.

If your car has any non-standard modifications, we'll apply the higher of the following excesses. For example, if the car has had a turbo-charger installed and an exhaust modification, then an additional **Car Modification excess** of \$1,500 will apply to the policy, being the higher of the two modifications. This will apply for all types of claims, regardless of whether the modification is damaged in an incident. The relevant excesses are:

Modification type	Modification	Car Modification excess
Engine	Computer chip	Excess \$800
	Carburettor alterations	Excess \$800
	Cylinder/engine head	Excess \$800
	Cam shaft	Excess \$800
	Turbo/supercharged	Excess \$1500
	Any other engine modification	Excess \$1500
Suspension, steering/exhaust	Lowered or raised suspension	Excess \$400
	Extractors or headers	Excess \$400
	Exhaust	Excess \$400
	Any other suspension or steering/exhaust modification	Excess \$400

Licence Suspension excess

The **Licence Suspension excess** applies to any **Third Party Property Damage** or **Collision** claim if a person who has had a licence suspension of between 3 and 12 months in the last 10 years is driving your car at the time of the incident. You must pay it in addition to the basic excess and any Car Modification, Age or Inexperienced Driver excess that applies.

Licence Suspension				
	Collision	Fire & Theft	Third Party Property Damage	Storm & Water Damage
Licence suspension of between 3 and 12 months	\$800	-	\$800	-

When an excess doesn't apply

There are a number of instances where you won't need to pay an excess when we pay your claim:

Cover type	If you make a claim for	Then you will NOT have to pay an
Fire & Theft	Theft or attempted theft	Age excess, Licence Suspension excess or Inexperienced Driver excess
Storm & Water Damage	Storm, flood or water damage	Age excess, Licence Suspension excess or Inexperienced Driver excess
Fire & Theft	Vandalism or a malicious act	Age excess, Licence Suspension excess or Inexperienced Driver excess
Collision	Damage to the car when it's parked	Age excess or Inexperienced Driver excess
Collision or Third Party Property Damage	An incident that we agree was not in any way the fault of you, the driver of, or a passenger in your car and: <ul style="list-style-type: none"> - you can provide the name and residential address of a person(s) we agree is at fault - the amount of the claim is more than any basic excess 	Basic excess, Age excess, Licence Suspension excess or Inexperienced Driver excess, and Car Modification excess
Excess-free Windscreen	Windscreen or window glass damage only	Basic excess, Age excess or Inexperienced Driver excess , and Car Modification excess (only when you have chosen the Excess-free Windscreen option which entitles you to one excess-free claim a year)
Fire & Theft	Fire	Age excess or Inexperienced Driver excess
Third Party Property Damage	Insured Motorist Damage where you are not at fault	Basic excess, Age excess, Licence Suspension excess or Inexperienced Driver excess
Third Party Property Damage	Uninsured Motorist Damage where you are not at fault	Basic excess, Age excess, Licence Suspension excess or Inexperienced Driver excess