

# Apia Car Advantage Your guide to Premiums, Excesses and Claims Guide

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Rewarding experience



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## Your Guide to Premiums, Excesses and Claim Payments

This Apia Car Advantage Insurance Premium, Excesses & Claims Guide (**Guide**) is designed to provide you with additional information about the excesses and discounts that may apply to the Apia Car Advantage Insurance Policy (**Policy**), as well as explain how we calculate premiums for, and pay claims under, the Policy.

You should read this Guide together with our Car Advantage - Product Disclosure Statement (**PDS**), which shows a preparation date of **12/11/2009** on the inside front cover, and your certificate.

### About your premium

The premium is the amount you pay us for this insurance and is shown on your certificate. The premium includes what we consider is the likelihood of you making a claim together with other factors related to our cost of doing business and other commercial factors. We then add stamp duty, Goods & Services Tax (GST) and any additional government charges and Fire Services Levy (FSL) if applicable.

When we calculate your premium, there are a range of factors we take into account, we call these premium factors. Some of the key factors that affect your premium are the type of cover, optional benefits you choose and any discounts you are eligible for.

The amount of premium you pay also depends on information you give us, particularly the information you give us about your car, yourself, the drivers of your car and the decisions you make in relation to your Policy such as your choice of an optional excess.

It is very important that all the information you give us is accurate and precise. For instance, the address where your car is kept overnight has an impact on your premium. If you live in a unit you need to tell us the exact unit number and street number of the unit building. If you do not give us this information it could have an impact on your premium.

When we calculate your premium we might take into account some or all of our premium factors. 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. The following is a list of the significant premium factors we use to calculate your premium and the likely effect they will have on your premium:

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| Premium Factor                            | Likely effect on premium   | Applies to    |                          |                  |
|---|--|---------------|--------------------------|------------------|
|   |  | Comprehensive | Third party fire & theft | Third party only |
| Age of the drivers                        | Generally the older the driver is the higher the premium is likely to be. However, for very young drivers the premium may be even higher.  | ✓             | ✓                        | ✓                |
| Gender of the drivers                     | A premium for a female driver is likely to be higher than a male driver.   | ✓             | ✓                        | ✓                |
| Type of car                               | Standard performance cars usually attract a lower premium than higher performance cars.  | ✓             | ✓                        | ✓                |
| Age of car                                | A premium for a newer car is likely to be higher than for an older car.  | ✓             | ✓                        | ✓                |
| Value of the car                          | The lower the value of the car, the lower the premium is likely to be.   | ✓             | ✗                        | ✗                |
| Non-standard accessories or modifications | Any non-standard accessories or modifications that you have fitted to your car, and that we have agreed to insure for an additional value, are calculated based on their type and may result in either a premium increase or discount. | ✓             | ✓                        | ✓                |
| Trailer cover                             | If you have nominated a value for your trailer of >\$2,000 your premium will be higher.  | ✓             | ✗                        | ✗                |
| Address where the car is kept overnight   | The premium is likely to be lower if the car is kept overnight at an address which has a lower claims cost and incidence rate than other addresses.  | ✓             | ✓                        | ✓                |
| How the car is garaged                    | The premium is likely to be lower for a car kept in a garage overnight than for a car parked on the street overnight.  | ✓             | ✓                        | ✓                |
| What the car is used for                  | The premium for private use is likely to be lower than for business use.   | ✓             | ✗                        | ✗                |

| Premium Factor                                 | Likely effect on premium   | Applies to    |                          |                  |
|--|--|---------------|--------------------------|------------------|
|  |  | Comprehensive | Third party fire & theft | Third party only |
| Whether the car is under finance               | The premium is likely to be lower if the car is not under finance.   | ✓             | ✓                        | ✓                |
| Any discounts you are eligible for             | If you are eligible for any of our discounts this will attract a lower premium. The main discounts we offer are discussed in more detail later in this guide.                  | ✓             | ✓                        | ✓                |
| Prior Insurer                                  | The premium may be either higher or lower depending on the pricing strategy we have adopted in relation to the insurer with whom you were most recently insured.               | ✓             | ✓                        | ✓                |
| Whether you select an optional excess          | The premium will be lower if you choose to increase your excess to be higher than the standard excess.   | ✓             | ✓                        | ✓                |
| The covers or extra benefits you have selected | Selecting an extra cover such as the 'Hire Car after Accident' (see page <b>12</b> of the PDS for details) will always attract a higher premium than not selecting this cover. | ✓             | ✗                        | ✗                |

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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 our approach to calculating your premium
- automatic adjustments to the car's sum insured value
- our expenses of doing business
- changes in government taxes and any state or territory duties or levies, and
- other commercial factors.

As a general rule, the more likely an event we cover is to occur, the higher the premium we charge to cover it. Similarly, the more the event costs or the higher our business expenses are, the higher the premium is likely to be.

When determining your renewal premium, we also consider how much you paid last time. As such we may limit movements up or down to your premium to avoid large changes in premiums across different periods of cover.

## **Premium Discounts**

The premium you pay for this insurance includes any discounts you qualify for and these are applied to your premium before we add the options component of the premium and government charges.

The main discounts we offer are:

- No Claim Bonus
- Multi Policy Discount
- Drive Less Pay Less

At times 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.

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## No-claim bonus (NCB)

A 'No-claim bonus' is a type of discount that rewards you for your good claims history. This discount applies to Comprehensive Car Insurance. The table below shows the No-claim bonus discounts for Apia Comprehensive Car Insurance.

| No-claim bonus                | Bonus Description                           | Discount % |
|-------------------------------|---|------------|
| Rating P - Protected for Life | No-claim bonus protected for life           | 65%        |
| Rating 1                      | 5 Years with no claims that affect your NCB | 65%        |
| Rating 2                      | 4 Years with no claims that affect your NCB | 60%        |
| Rating 3                      | 3 Years with no claims that affect your NCB | 55%        |
| Rating 4                      | 2 Years with no claims that affect your NCB | 45%        |
| Rating 5                      | 1 Year with no claims that affect your NCB  | 25%        |
| Rating 6                      | No Insurance History                        | 0%         |

Referring to the table above, if you are on a Rating 5 your premium will be higher than if you are on a Rating P - Protected for Life for the same car.

### Rating P -Protected for Life No-claim bonus

If your No-claim bonus is protected it will be shown on your certificate. Apia will only provide protection for a Rating 1 No-claim bonus.

You can obtain a Rating P - Protected for Life No-claim bonus:

- if you are an existing Apia customer on Rating 1 and you have no claims that affect your No-claim bonus for three consecutive years, or
- if you are a new customer who currently holds:
  - a protected Rating 1 no claim bonus with your previous insurer, or
  - any other protected no claim bonus with your previous insurer and you have made no claims in the 12 months before you take out this insurance with us.

### How your No-claim bonus is impacted after claims

You will keep your No-claim bonus if:

- You are claiming for windscreen or window glass damage only; or
- Your No-claim bonus is protected; or
- We agree:
  - the accident was not your fault; and
  - You can prove that another person was completely responsible; and
  - You tell us the persons' full name, current address and the registration number of their car

Your No-claim bonus will be reduced for all other claims if your No-claim bonus is not protected.

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The amount we reduce your No-claim bonus for each claim that affects your No-claim bonus is set out below:

| <b>If your No-claim bonus or Rating number is:</b> | <b>For 1 claim, we reduce your No-claim bonus on renewal to:</b> | <b>For 2 claims, we reduce your No-claim bonus on renewal to:</b> |
|--|--|---|
| 65% or Rating P - Protected for Life               | No-claim bonus is not reduced                                    | No-claim bonus is not reduced                                     |
| 65 % or rating 1                                   | 60% or rating 2  | 55% or rating 3   |
| 60% or rating 2                                    | 55% or rating 3  | 45% or rating 4   |
| 55% or rating 3                                    | 45% or rating 4  | 25% or rating 5   |
| 45% or rating 4                                    | 25% or rating 5  | Nil or rating 6   |
| 25% or rating 5                                    | Nil or rating 6  | 16% loading or rating 7   |
| Nil or rating 6                                    | 16% loading or rating 7  | 34% loading or rating 8   |

## Other discounts

The table below outlines the discounts that are available depending on your circumstances.

| <b>Type of Discount</b>  | <b>Who qualifies</b>  | <b>What you can save</b>   |
|--|---|--|
| <p><b>Multi-Policy discount</b></p> <p>This is a discount that rewards you for having more than one type of Policy with Apia.</p>      | <p>Customers who take out more than one Policy with Apia.</p> <p><b>Note:</b> Excludes Travel, CTP and Funeral Insurance</p>                  | <p>You can save <b>10%</b> on each Policy you hold with Apia.</p> <p><b>Note:</b> Excludes Travel, CTP and Funeral Insurance</p> |
| <p><b>Drive Less Pay Less</b></p> <p>We believe that if you drive less, you ought to pay less on your Comprehensive car insurance.</p> | <p>Car insurance customers who drive less than <b>20,000</b> kilometres per year.</p> <p><b>Note:</b> Applies to Comprehensive cover only</p> | <p>You can save up to <b>23%</b> on your car insurance premium.</p> <p><b>Note:</b> Applies to Comprehensive cover only</p>      |

## Government taxes and charges

Motor vehicle insurance policies are subject to stamp duties imposed by state and territory governments, a 10% GST and a fire service levy (FSL) if applicable.

These charges are added to the premium as the final step in the premium calculation. When we add these taxes and charges, we add the fire services levy (FSL) first (if applicable), then GST and then stamp duty.

These amounts are shown on your certificate. We'll provide you with a receipt for some transactions, or otherwise provide one to you upon request.

## About your excess

### What is an excess?

An excess is the amount that you must first contribute towards each claim you make on your Policy unless we tell you otherwise. If your claim is for more than one occurrence, you'll need to pay the excess(es) applicable to each occurrence. Depending on the choices you make when you purchase the Policy, and the circumstances of your claim, more than one excess may need to be paid.

Some excesses, like the standard excess, will apply whenever you make a claim, unless you can provide us the name and address of the responsible party, or their vehicle's registration number. When a standard excess applies to your Policy, any optional, young driver or additional excess may also be payable, if it is applicable to the event you are claiming for.

See pages 31-32 of the PDS, and the actual excesses shown on your certificate, for full information about the excesses that apply to your Policy and when and how they are to be paid or deducted.

The following excesses apply to the Policy:

|                        |   |       |         |       |         |       |       |         |
|------------------------|---|-------|---------|-------|---------|-------|-------|---------|
| <b>Standard</b>        | This is the minimum amount that you may be required to contribute towards your claim. The amount of the standard excess is shown on your certificate under the heading 'standard excess'. The standard excess amount depends on where you live.         |       |         |       |         |       |       |         |
|                        | NSW   | ACT   | VIC     | QLD   | SA      | WA    | NT    | TAS     |
|                        | \$550   | \$550 | \$500   | \$450 | \$350   | \$350 | \$350 | \$300   |
| <b>Optional Excess</b> | This is the optional excess you choose. This is in addition to your standard excess. The amount of your optional excess is shown on your certificate under the heading 'optional excess'. The optional excess choices vary depending on where you live. |       |         |       |         |       |       |         |
|                        | NSW   | ACT   | VIC     | QLD   | SA      | WA    | NT    | TAS     |
|                        | \$50  | \$50  | \$50    | \$50  | \$100   | \$50  | \$200 | \$50    |
|                        | \$150   | \$300 | \$200   | \$100 | \$250   | \$100 | \$450 | \$150   |
|                        | \$250   | \$550 | \$300   | \$150 | \$500   | \$150 |       | \$300   |
|                        | \$300   |       | \$500   | \$200 | \$750   | \$200 |       | \$550   |
|                        | \$550   |       | \$1,000 | \$300 | \$1,100 | \$250 |       | \$1,000 |
| \$1,000                |   |       | \$400   |       | \$300   |       |       |         |
|                        |   |       | \$650   |       | \$350   |       |       |         |
|                        |   |       |         |       | \$550   |       |       |         |
|                        |   |       |         |       | \$750   |       |       |         |

|                            |   |                                   |                      |   |
|----------------------------|---|-----------------------------------|----------------------|---|
| <b>Young Driver Excess</b> | This is an additional excess that applies to drivers who are under the age of 25. The young driver excess is in addition to your standard excess plus any optional excess you have chosen. For example:   |                                   |                      |   |
|                            | The Standard Excess for your Policy is:   | You choose an Optional Excess of: | Young Driver Excess: | Your total excess if you make a claim where the driver is under 25: |
|                            | \$500   | \$50                              | \$1,500              | \$2,050   |
| <b>Excess we may apply</b> | We may apply an excess to your Policy which differs from the standard and optional excess due to your insurance history, driving record, car type or for other reasons. We will tell you if we need to apply an excess that varies from the standard and optional excesses before you agree to purchase, or renew your insurance. The amount of any excess that we apply will be shown on your certificate. The excess that we apply will replace the standard excess plus any optional excess you have chosen. |                                   |                      |   |

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## How the total excess is calculated

The total excess is calculated at the time of a claim by adding your standard excess (and optional excess if you have chosen to add an optional excess) or any excess we have applied, to any young driver excess.

## How an excess is applied to your claim

The total excess you are required to contribute towards your claim is determined using the circumstances of your claim and the age of the driver.

The table below shows examples of when an excess may apply to your claim, and the type of excess that may apply.

| When you make a claim for   | Will any excess apply?  |
|---|---|
| Storm Damage  | <b>Yes</b> - Standard excess plus any optional excess<br>OR<br>the excess we have applied   |
| Malicious Damage  | <b>Yes</b> - Standard excess plus any optional excess<br>OR<br>the excess we have applied   |
| Damage to your car whilst parked  | <b>Yes</b> - Standard excess plus any optional excess<br>OR<br>the excess we have applied   |
| Theft or attempted theft of your car  | <b>Yes</b> - Standard excess plus any optional excess<br>OR<br>the excess we have applied   |
| Own car damage  | <b>Yes</b> - Standard excess plus any optional excess<br>OR<br>the excess we have applied   |
| An accident that we agree is not your fault, and you cannot provide us with the name, address and registration number (if applicable) of the person at fault. | <b>Yes</b> - Standard excess plus any optional excess<br>OR<br>the excess we have applied   |
| An accident that we agree is not your fault, and you can provide us with the name, address and registration number (if applicable) of the person at fault.    | <b>No</b>   |
| Windscreen Damage   | <b>Yes</b> - Standard excess plus any optional excess<br>OR<br>the excess we have applied   |
| Under 25 year old driver at fault   | <b>Yes</b> - Standard excess plus any optional excess plus young driver excess<br>OR<br>the excess we have applied plus young driver excess |

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| <b>When you make a claim for</b>   | <b>Will any excess apply?</b>   |
|--|---|
| Under 25 year old driver in an accident that we agree is not their fault, and you can provide us with the name, address and registration number (if applicable) of the person at fault.    | <b>No</b>   |
| Under 25 year old driver in an accident that we agree is not their fault, and you cannot provide us with the name, address and registration number (if applicable) of the person at fault. | <b>Yes</b> - Standard excess plus any optional excess plus young driver excess<br>OR<br>the excess we have applied plus young driver excess |

### **How the excess is deducted from your claim**

The table below outlines how your excess may be deducted from your claim.

| <b>Excess Payment Options</b>                 |  |
|---|--|
| Pay to us or our claims representative        | We may require you to pay your excess directly to us or our claims representative. |
| Pay to Repairer / Supplier                    | We may require you to pay your excess directly to the repairer or supplier.        |
| Deduct from any claim payment we make to you. | We may decide to deduct your excess from your claims settlement.                   |

### **Claim Payments**

When you make a claim on your Policy we will ask you questions about what you are claiming for. We may also ask you to provide us with documents to support your claim or ask you to explain what has happened in person.

Once we have all of the information we need to assess your claim, we will consider what you have claimed for against the Policy cover you purchased.

If we are satisfied that your claim is in order, we may ask you to pay any excess to us or deduct your excess from our payment. Depending on how we decide to settle your claim, we may make a payment directly to you, or to a provider of goods or services, or to someone who has claimed against you.

In the rare instance that we do not accept your claim, we will always tell you why and give you information about how you can have our decision reviewed, at no cost to you.

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## Claim payment examples

The following claim payment examples show how Apia might typically pay **8** of the most common types of claims under the Car Advantage PDS. They are only examples; Apia always determines real claim payments on an individual basis, after we have assessed each claim. 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.

Index of claim payment examples:

1. Comprehensive - Repairing your car
2. Comprehensive - Total loss - Agreed Value Policy
3. Comprehensive - Total loss - Market Value Policy
4. Comprehensive - New Car Replacement - Agreed or Market Value
5. Comprehensive - New Car Replacement after Theft
6. Third Party, Fire & Theft - Total loss
7. Third Party Property damage - Damage caused by an uninsured third party
8. Legal liability - If you damage another person's property

**Notes** about the claim payment examples:

- All examples (including excesses) are based on a policyholder living in **New South Wales**.
  - All amounts are shown in Australian dollars and are GST-inclusive.
  - All examples assume that the policyholder is not registered for GST.
  - You should read the PDS and your certificate for full details of what we cover as well as what Policy limits and exclusions apply.
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## Comprehensive cover

### Example 1 - Repairing your car

Your car is damaged as a result of an accident on the public highway, whilst you and your family were on your way home from the football. Your car is not driveable at the scene of the accident. Your tennis racquet and other personal effects were in the boot of your car and are damaged beyond repair, their replacement cost being a total of \$500.

You arrange for your car to be towed to our claims assessment centre which costs \$280 and a taxi to your home address which costs \$180.

The quote to repair your car is \$3,000. Your total excess is \$550 and you have the Hire Car option noted on your certificate.

|  |         |
|--|---------|
| We pay the towing company invoice  | \$280   |
| We pay you the cost of your taxi fare  | \$180   |
| We pay you the cost to replace your tennis racquet and personal effects  | \$500   |
| You pay the repairer the amount of your excess   | \$550   |
| We pay the repairer the cost to repair your car less the amount of your excess                                       | \$2,450 |
| We arrange for a Hire Car for you whilst your car is being repaired (being 10 days).<br>We pay the hire car company. | \$400   |

### Example 2 - Total loss - Agreed Value Policy

Your car is very badly damaged as a result of an accident that involved you hitting a tree. Your car is 3 years old and therefore doesn't qualify for the 'New car replacement'. We decide it is uneconomical to repair your car taking into account:

- The agreed value of the car as shown on your certificate
- The assessed cost of repairs
- The assessed salvage value

You arranged for your car to be towed to our claims assessment centre, which costs \$280 and you arrange for a taxi to your home address which costs \$100.

The agreed value of your car as shown on your certificate is \$17,900. Your total excess is \$550.

|   |          |
|---|----------|
| We pay the towing company   | \$280    |
| We pay you the cost of your taxi fare                             | \$100    |
| We pay you the agreed value of your car less your excess of \$550 | \$17,350 |

Once we settle the claim, all cover on the car stops, your policy is cancelled and there is no refund of the unused premium. The salvage becomes our property and we are entitled to keep the proceeds of its sale. This does not affect the amount we pay you.

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### Example 3 - Total loss - Market Value Policy

Your car is damaged by hail during a severe storm whilst you and your family are on holiday. As you are more than 150 kilometres away from your place of residence you arrange emergency accommodation at the nearest motel for a cost of \$480. We decide it is uneconomical to repair your car taking into account:

- The market value of the car at the time of loss
- The assessed cost of repairs
- The assessed salvage value

You arranged for your car to be towed to our claims assessment centre, and the towing company invoices you for \$280.

We calculate the current market value of your car as \$14,700, taking into account the accessories or modifications we have agreed to insure, the age, make, model, kilometres travelled and condition of your car.

Your total excess is \$550 and you have not chosen or paid for the Hire Car option.

|  |          |
|--|----------|
| We pay the towing company  | \$280    |
| We pay you the cost of your emergency accommodation                              | \$480    |
| We pay you the balance of the market value of your car less your excess of \$550 | \$14,150 |

\*If you are paying your insurance by instalments, we will deduct the remaining instalments from the total loss settlement. For example if there are 3 instalments left when the total loss occurs and you were paying \$55 per month, the amount deducted from the settlement would be \$165.

Once we settle the claim, all cover on the car stops, your policy is cancelled and there is no refund of the unused premium. The salvage becomes our property and we are entitled to keep the proceeds of its sale. This does not affect the amount we pay you.

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#### **Example 4 - New Car Replacement - Agreed or Market Value**

Your car is damaged as a result of an accident that was your fault, and we decide it is uneconomical to repair your car taking into account:

- The market or agreed value of the car at the time of loss
- The assessed cost of repairs
- The assessed salvage value.

Your car was less than 2 years old. The cost to replace your car with a new car of the same make and model including similar accessories, tools, spare parts, stamp duty and dealer delivery charges applicable is \$37,990.

Your total excess is \$550.

|  |          |
|--|----------|
| You pay us your excess of                                      | \$550    |
| We pay the cost to replace your car directly to the car dealer | \$37,990 |

Once we settle the claim, all cover on the car stops, your policy is cancelled and there is no refund of the unused premium. The salvage becomes our property and we are entitled to keep the proceeds of its sale. This does not affect the amount we pay you.

#### **Example 5 - New Car Replacement after Theft**

Your 5 year old Toyota Corolla Conquest Automatic Hatch is stolen and not recovered.

We provide you with a Hire Car similar to your car for up to 21 days, whilst your claim is being processed.

As your car is less than 10 years old, you are entitled to a new replacement car of the same make and model (or nearest equivalent) up to \$40,000.

A 2010 Toyota Corolla Conquest Automatic Hatch costs us \$29,990 including on road costs.

Your total excess is \$550.

|  |          |
|--|----------|
| You pay us your excess of                                      | \$550    |
| We pay the hire car company for 10 days hire                   | \$350    |
| We pay the cost to replace your car directly to the car dealer | \$29,990 |

Once we settle the claim, all cover on the car stops, your policy is cancelled and there is no refund of the unused premium.

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## Third party fire & theft

### Example 6 - Total loss

Your car is stolen and not recovered. The agreed value of your car is \$3,500 as shown on your certificate.

We provide you with a Hire Car similar to your car for up to 21 days, whilst your claim is being processed.

Your total excess is \$550.

|  |         |
|--|---------|
| We pay you the cost of the hire car for 10 days hire                       | \$390   |
| We pay you the agreed value of your car, less your excess (\$3500 - \$550) | \$2,950 |

Once we settle the claim, all cover on the car stops, your policy is cancelled and there is no refund of the unused premium.

## Third Party Property Damage

### Example 7 - Damage caused by an uninsured third party

Your car is damaged in an accident caused by the driver of another car. You are able to provide us with the current name and address of the driver of the other car and the registration number of the car. We receive confirmation that the other driver is not insured.

The assessed cost to repair your car is \$2,000. Your total excess is **nil**, as you have identified the responsible driver.

|                     |         |
|---------------------|---------|
| We pay the repairer | \$2,000 |
|---------------------|---------|

## Legal Liability

### Example 8 - If you damage another person's property

Your car is involved in an accident that causes damage to another person's property that cost \$5,000 to repair, and you are liable for the damage caused.

Your total excess is \$550.

|  |         |
|--|---------|
| You pay us your excess of                  | \$550   |
| We pay the other person the cost of repair | \$5,000 |

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## How to contact us

By phone: Call **13 50 50**. We are available 24 hours a day, 7 days a week

Via the internet: [apia.com.au](http://apia.com.au)

In person: Visit our website [apia.com.au](http://apia.com.au) or call **13 50 50** for the address of the closest Apia branch

## Financial Claims Scheme

The Policy described in this Guide 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 APRA at [apra.gov.au](http://apra.gov.au) or by calling **1300 13 10 60**.