



# **Secure Home Elite Insurance**

Product Disclosure Statement  
Premium, excess, discounts  
and claims payment examples guide

# Your guide to premiums, excesses, discounts and claims payment

The Vero Secure Home Elite Premium, Excess, Discounts and Claim Payment Examples Guide (Guide) is designed to provide you with additional information about excesses, how we pay claims, calculate premiums and the discounts available under the policy. You should read this Guide together with our Secure Home Elite Insurance Product Disclosure Statement with a preparation date of 03/12/2020.

**This Guide is relevant to you if your policy has a commencement or renewal date on or after 23/03/2021.**

## How we settle claims - some examples

These are examples only of how a claim payment might be calculated and are not part of your policy. You should read them only as a guide. Every claim is considered on an individual basis because every claim is different.

Please note:

- ▼ all amounts are shown in Australian dollars and are GST inclusive;
- ▼ all examples assume you are not registered for GST; and
- ▼ the excess amounts stated are examples only and may be different to your excess(es). Refer to your insurance schedule.

### Example 1: Legal liability

You have insured your home for \$270,000. During a dinner party at your home one of your guests was walking down the stairs, the area was dimly lit causing your guest to slip down the stairs and injure their ankle and lower back. Your guest has made a claim against you and it is determined that you are liable. Your guest doesn't accept our initial settlement offer and engages a lawyer. A \$500 basic excess was selected for this policy.

What you are claiming	How much we pay to settle your legal liability	Further information
Liability for personal injury to a third party	\$14,800	Under 'Legal liability', we cover your legal liability up to \$20 million, including all associated legal costs we have agreed to pay following your claim. We pay the person who claimed against you.
Legal fees	\$5,000	Lawyers' fees to defend you are \$5,000 and we agreed to these fees before they were incurred. We pay the fees of \$5,000 to the law firm.
Less excess	-\$500	In this example, you pay this amount directly to us.
Total claim	\$19,300	

### Example 2: Accidental damage to contents

You have insured your home contents for \$60,000. A new entertainment unit for your television is delivered to your house. When you are carrying your television, which has a retail replacement value of \$3,500, across the lounge room to put it on the new entertainment unit, you stumble on a floor rug and drop the television on the timber floor. The television no longer works. Your contents excess is \$500.

What you are claiming	How much we pay to reinstate your loss	Further information
Television	\$3,200	A member of our supplier network determines that the television cannot be repaired and organises to replace the television on a new for old basis. It costs \$3,200 to replace the television for you through our supplier. We pay this amount to our supplier.
Less excess	-\$500	In this example, you pay the excess to us.
Total claim	\$2,700	

### Example 3: Damage to home, loss of contents, replacement of locks

Your home sum insured is \$320,000, you have a general contents sum insured of \$70,000 and you selected the optional personal valuables – unspecified items cover of \$3,000. While you were out, your house was broken into by forcing open your locked sliding door. Electrical items with a retail replacement value of \$4,000 were stolen from your home as well as a leather jacket, your gold necklace and the spare keys for the house that were sitting on the kitchen bench top. In this example, a \$500 home building basic excess and a \$500 home contents basic excess apply to your policy. Your personal valuables excess is \$100.

What you are claiming	How much we pay to reinstate your loss	Further information
<b>Electrical items</b>	\$3,700	We have offered to replace the electrical items through our supplier network on a new for old basis and you accept. It costs \$3,700 to replace the items for you through our supplier and we pay the supplier.
<b>Gold necklace</b>	\$3,500	You are able to provide us proof of purchase (e.g. a sales receipt), a professional valuation by a qualified jeweller and photographs of your necklace. A member of our supplier network quotes to replace your necklace new for old and it costs \$4,000. Although you can only claim up to \$2,500 for each jewellery item under your contents cover, you can also claim for the loss of your necklace under your Personal valuables – unspecified items cover to the per item limit of \$1,000. We pay you \$3,500 for this item.
<b>Leather jacket</b>	\$450	You provide us the requested proof of ownership for the leather jacket. A member of our supplier network quotes \$450 to replace the leather jacket new for old.
<b>Damaged sliding door</b>	\$650	The sliding door is damaged during the burglary and needs to be replaced. A member of our supplier network assesses that it would cost \$650 to replace the door on a new for old basis. We arrange for our supplier to replace the damaged door and we pay the supplier \$650.
<b>Replacement locks</b>	\$700	You arrange the replacement of external door and window locks. Under the 'Lock replacement' additional cover you are covered for a maximum of \$1,000. In this example, we reimburse you \$700.
<b>Less excess</b>	-\$500	As you are claiming for loss of home, contents and personal valuables arising from the same incident, you pay the highest of your excesses. In this example, we deduct your \$500 home excess from your settlement.
<b>Total claim</b>	\$8,500	

### Example 4: Accidental damage to home

Your home sum insured is \$350,000. You are checking the batteries in your smoke detectors. To do this you need to stand on a ladder. While carrying the ladder down the hallway you accidentally hit the wall with the ladder and make a large hole in the wall. The cost to repair this accidental damage is \$2,400. In this example, your home building basic excess is \$500.

What you are claiming	How much we pay to reinstate your loss	Further information
<b>Hallway repairs</b>	\$2,400	A member of our supplier network assesses it will cost \$2,400 to repair the hole in your wall and repaint the damaged area. We pay the builder \$2,400.
<b>Less excess</b>	-\$500	In this example, you pay the excess to us.
<b>Total claim</b>	\$1,900	

### Example 5: Total loss, removal of debris, other repair/rebuilding costs

Your home sum insured is \$350,000. Your contents sum insured is \$80,000 and you have selected optional personal valuables – unspecified items cover of \$3,000. There is a fire at your home and we determine that your home and contents are a total loss. In this example, a basic excess of \$500 was selected for both the home and contents sections of your policy and a home personal valuables excess of \$100.

What you are claiming	How much we pay to reinstate your loss	Further information
Building costs	\$340,000	A builder from our supplier network assesses it will cost \$340,000 to rebuild your home new for old. We pay the builder \$340,000.
Removal of debris	\$15,000	Before rebuilding commences it costs \$15,000 to demolish and remove the damaged structure and we assess these costs to be reasonable. Under the additional cover 'Removal of debris' we will pay the supplier directly.
Architect's fee	\$12,000	A member of our supplier network determines that it is necessary to engage an architect to design your replacement home. Under the 'Other repair/rebuilding costs', we pay for the services of professionals such as architect's fees up to 10% of the home sum insured (see also below 'Extra rebuilding costs'). We pay \$12,000 directly to the architect.
Extra rebuilding costs	\$20,000	Your home is located in a cyclone risk area and prior to the loss your home did not comply with the relevant building code that came into effect after your home was built. Under the 'Other repair/rebuilding costs' additional cover we pay up to 10% of the home sum insured for the extra building costs necessary to make your new home compliant with that building code. These extra rebuilding costs are \$20,000. We pay this directly to the builder.
Contents	\$80,000	You provide the requested proof for the contents you have lost in the fire. Our settlement to you is a combination of replacement through our suppliers and cash. As we had agreed to cover your hand woven rug for \$3,000 as a specified contents item, the policy limit of \$2,000 does not apply for this item.
Temporary accommodation	\$26,000	Under the 'Temporary accommodation when you have home cover' additional cover, you are covered for temporary accommodation costs you incur up to 10% of the home sum insured. In this case, you needed 40 weeks temporary accommodation ( $40 \times \$650$ per week). We will either pay the costs you incur direct to the accommodation supplier or reimburse you these costs.
Damage to gardens and plants	\$1,500	Under the 'Damage to gardens and plants' additional cover you are covered for the cost of replacing trees, shrubs, plants, hedges and garden beds at the insured address. Your entire garden is destroyed during the fire. We settle your claim in accordance with the additional cover and pay you the maximum of \$1,500 in total.
Less excess	-\$500	As you are claiming under both your home and contents policies arising from the same incident, the higher of your home or contents excess applies. In this example, the applicable \$500 excess is deducted from the settlement.
Total claim	\$488,000	

#### **Example 6: Personal valuables – unspecified items**

You have the optional cover Personal valuables - unspecified items shown on your schedule with a total sum insured of \$3,000. Whilst bushwalking you accidentally drop your camera and it is damaged. We decide your camera cannot be economically repaired and needs to be replaced. The cost to replace the camera is \$1,200. Unfortunately, you also lose your reading glasses. In this example, you have a \$100 personal valuables excess.

What you are claiming	How much we pay to reinstate your loss	Further information
Damaged camera	\$1,000	The most you can claim under Personal valuables - unspecified items cover for any one item is \$1,000. We pay this amount to you.
Lost glasses	\$600	We pay you \$600 under the Personal valuables – unspecified items cover which is the cost to replace your glasses new for old.
Less excess	-\$100	We deduct your excess from the settlement we give you.
Total claim	\$1,500	

#### **Example 7: Personal valuables – specified items**

You have insured your engagement ring for \$6,000 under the Personal valuables – specified items optional cover on your policy. While you were swimming at your local beach your ring slipped off your finger and you are unable to find it. You have a \$100 personal valuable excess.

What you are claiming	How much we pay to reinstate your loss	Further information
Engagement ring	\$5,000	You have provided the requested proof for your ring including a full description of the item, a valuation from a professional valuer and photographs of the item. A member of our supplier network is able to replace your lost ring new for old within the sum insured shown on your schedule for that item. We pay the jeweller \$5,000.
Less excess	-\$100	In this example, you pay your excess directly to us.
Total claim	\$4,900	As we have replaced your engagement ring this item is removed from your policy and there is no refund of premium. If you want to cover the new replacement ring then you will need to apply for new cover.

# Excesses

## What is an excess?

An excess is the amount you must pay for each incident when you make a claim. You might have to pay more than one type of excess when you claim.

The total excess you are required to pay is determined by the circumstances of your claim. Your excesses are shown on your schedule.

The different types of excesses are:

### Basic excesses

The basic excess that applies to your policy is determined at the time the policy is issued and can vary based on our assessment of the risk. If you apply to vary your basic excess and we agree to the variation, your basic excess will be the amount chosen by you from our range. The amount is shown on your schedule.

Sometimes we will impose an excess based on our assessment of the underwriting risk and this is included in the basic excess.

### Home personal valuables excess

If personal valuables cover has been selected, it has its own excess that will apply in the event of a claim for unspecified valuables and/or specified valuables. The amount is shown on your schedule.

### Earthquake and tsunami excess

In addition to any other excess, an excess of \$200 will apply if you make a claim for loss or damage as a result of an earthquake or tsunami.

### Unoccupied excess

In addition to any other excess, an unoccupied excess of \$1,000 will apply if at the time of the incident covered by your policy, the home or unit has been unoccupied for more than 60 continuous days.

# About your premium

The amount you pay for this insurance is called the premium. Your premium includes any applicable GST, stamp duty, other government charges and any levies that apply. The premium will be shown on your schedule as the total amount payable, or if you pay by the monthly instalments, as your monthly insurance premiums.

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 risk premium will differ from person to person.

The significant factors we use to calculate your premium include some or all of the following:

- ▼ The address and locality of the insured address
- ▼ Sum insured
- ▼ Any options you have chosen
- ▼ Construction material and other characteristics of the home
- ▼ Previous insurance history
- ▼ The type of home you are insuring (for example, a house or unit)
- ▼ Age of the oldest named insured
- ▼ How the home or unit is occupied
- ▼ The excess you choose
- ▼ The amount we pay to distributors

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 and other commercial factors

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

## Premium discounts

Discounts are also a significant factor that can affect your premium. The premium you pay for your insurance includes any discounts we have given you. Discounts are usually applied before the application of government taxes and charges.

The main discounts we offer include:

- ▼ Retiree discount – We might reward you with a discount if we know that one of the named insureds on the policy is 55 years or older and no longer working full time.
- ▼ Combined home building and contents discount – We might reward you with a discount for combining your home building and its contents on the same policy with us.

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 and you might not be eligible for our usual discounts.

If you are eligible for more than one discount we apply any subsequent discount to the already discounted premium. Discounts might not apply to optional covers.

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

## Government taxes and charges

After we have calculated the amount to cover your home and contents insurance policy any applicable stamp duty, GST, charge and levy are then applied and the total amount is your premium.

# 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](http://www.fcs.gov.au).

