

Austbrokers Secure Car Motor Vehicle Insurance Product Disclosure Statement

PREMIUM & EXCESS GUIDE

The purpose of this Guide is to provide further details about the amount you pay for this insurance and the excesses that may apply if you make a claim.

This Guide forms part of the Austbrokers Secure Car Motor Vehicle Insurance Product Disclosure Statement (**PDS**) with a preparation date of 19 May, 2010. Words with special defined meanings are in bold and are defined in accordance with the PDS, pages 97 to 99.

Vero Insurance Limited ABN 48 005 297 807 AFSL No. 230859 (**'Vero'**) is the insurer and issuer of the policy and issuer of the PDS.

This Guide is relevant to you if your policy has a commencement date on or after 8 July 2010, or a renewal effective date on or after 4 September, 2010.

PREMIUMS – The amount you pay for this insurance

The amount **Vero** charges for this insurance policy is the total amount of the **premium** that **Vero** calculates to cover the risk plus GST and any relevant government charges (such as stamp duty). These amounts will be shown on your **schedule**.

How various factors affect your premium

Vero considers a number of factors in calculating your **premium** and the amount you pay will depend on information that you give **Vero** about **your vehicle**.

Vero calculates your **premium** by taking into account the following five factors:

1. Pricing Your Risk
2. Discounts
3. Scope of Cover under Policy
4. Variation of Basic Excess
5. Government Charges

1. Pricing Your Risk

The key factor that affects your **premium** is the type of cover selected. For example, if you select Comprehensive cover, this will be more expensive than if you select Third Party Property Damage and Bodily Injury cover only. The table below summarises the most significant factors and what impact they have on your **premium**.

FACTOR	REDUCES PREMIUM	INCREASES PREMIUM
Type of cover	Third Party Property damage	Comprehensive
Sum insured	Lower value	Higher value
Market or Agreed Value	Market value	Agreed value
Postcode where vehicle is parked overnight	Lower risk area	Higher risk area
Registered owner	Private individuals	Business
Type of use	Private	Business
Age of driver(s)	30-69 years	Below 30 and above 69 years
Gender	Female	Male
Whether vehicle is financed	No finance	Finance
Type of vehicle	Standard performance	High performance
Vehicle age	Newer vehicles	Older vehicles
Claims Experience	No claims	One or multiple claims

2. Discounts

The following discounts are available if you have chosen comprehensive cover and whether or not you meet our discount eligibility criteria.

a) No Claims Bonus

A no claim bonus recognises good driving and claims history records.

The following discount will apply if you qualify for a no claim bonus:

Year	Existing bonus	Existing rating code	Renewal bonus
1 st year	0%	6	25%
2 nd year	25%	5	45%
3 rd year	45%	4	55%
4 th year	55%	3	65%
Subsequent years	65%	2 or 1	65%

Your no claim bonus is given a rating code. The no claim bonus you have will impact the **premium** you are required to pay at new business and on renewal. The higher your no claim bonus percentage and the lower your rating code, the lower your **premium**. With a zero or low no claims bonus and a higher rating code your **premium** will increase.

On renewal, your no claim bonus will be reduced for each **penalty claim** you have made during the **period of insurance**, unless you have the protected no claim bonus benefit or the lifetime no claim bonus protected, either of which will be shown on your **schedule**.

The amount we reduce your no claim bonus to at renewal in the event you have had one or more **penalty claims** in the **period of insurance** is set out below:

Your current no claim bonus	Your no claim bonus following 1 penalty claim	Your no claim bonus following more than 1 penalty claim
65%	55%	45%
55%	45%	25%
45%	25%	Nil **
25%	Nil **	Nil **
Nil	Nil **	Nil **

As your no claims bonus percentage decreases and the rating code associated with that no claim bonus increases, your **premium** will increase.

** Even if you have a nil no claim bonus, and incur one or more **penalty claims** in a **period of insurance**, your **premium** will continue to increase with each **penalty claim**.

b) Protected No Claims Bonus

For details on the Protected No Claims Bonus please refer to 3. *Scope of Cover under Policy*.

c) Lifetime No Claims Bonus Protection

You may be entitled to lifetime no claims bonus protection if you are 25 years of age or over, have been insured with **Vero** for 3 consecutive years on a maximum no claim bonus of 65% and have not incurred any **penalty claims** for the previous 3 years.

A lifetime no claim bonus will mean that on renewal you will continue to receive the discount on your **premium** which is applicable to a 65% no claim bonus with a rating code 1 or 2. You will also continue to receive a 5% loyalty discount on your **premium**. For further details on the loyalty discount please see below.

(d) Loyalty Discount

A loyalty discount recognises you as a valued customer. At renewal, a loyalty discount of 5% off your **premium** is applied if you meet one of the following criteria:

- You have held the policy with us for a year and You are not eligible and have not selected the protected no claim bonus benefit but you have held the maximum no claims bonus of 65% in the previous **period of insurance** and there were no **penalty claims** reported during the previous **period of insurance**; or
- You have held the protected maximum no claims bonus of 65% with us for at least 3 years and You are eligible and have selected the protected no claims bonus benefit and there were no **penalty claims** reported during the previous **period of insurance**; or
- You have a lifetime no claims bonus.

Please note that if at any time, your no claim bonus of 65% is not protected by either the protected no claims bonus benefit or the life time no claims bonus and you do incur a **penalty claim** in a **period of insurance** your eligibility for the loyalty discount at the next renewal will cease. You will need to meet the eligibility criteria again to get the loyalty discount. If you continue to meet the eligibility criteria each renewal, you will continue to get the loyalty discount.

3. Scope of Cover Under Policy

If you choose comprehensive cover, you may apply for the following policy options. If we agree to include the option and it applies to your policy it will be shown on your **schedule**.

Policy Option	Effect on Premium
Restricted Driver cover	If you choose Restricted Driver cover this will reduce the premium we would have charged for the same risk as you are advising us that only certain aged persons will be driving your vehicle.
Protected No Claims Bonus	If you have a maximum no claim bonus of 65% or a rating code of 1, you will be eligible to choose the protected no claim bonus benefit. If this option applies to your policy your premium will increase.
Windscreen excess waiver option	If you choose the windscreen waiver option this will increase your premium, because you are effectively removing payment of an excess to us in the event of a claim under this option.
Specified accessories and optional extras in addition to the automatic cover limit under your policy	If you specify accessories and optional extras in addition to the automatic cover limit this will increase your premium. How much your premium will increase will be impacted by the value of the accessories and optional extras you specify.

<p>Hire vehicle following a penalty claim</p>	<p>If you choose the Hire vehicle following a penalty claim benefit, your premium will increase. How much it will increase will be impacted by whether you select the 7, 14 or 21 day maximum.</p>
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In addition, if you sell **your vehicle** and purchase a **replacement vehicle** during the **period of insurance** and you comply with the conditions in *Additional Benefit 10. Purchasing a replacement vehicle* on page 80 of the PDS, your policy will cover that **replacement vehicle**. Depending on the Pricing Your Risk table, your **premium** may be increased by **Vero** as a result of triggering this cover.

4. Variation of Your Basic Excess

You may be entitled to vary your basic **excess** from our range of basic **excess** options. If you choose a higher basic **excess** on your policy, it will reduce your **premium**. If you choose to reduce or remove your basic **excess**, this will increase your **premium**. Further details about excesses are described below.

The choice of **excess** levels you can use to vary your basic **excess** are as follows:

Basic Excess Level
Nil
\$100
\$200
\$300
\$400
\$500
\$600
\$700
\$800
\$900
\$1,000
\$1,500
\$2,000

5. Government Charges

After **Vero** has calculated the total **premium** to cover the risk, GST and any relevant government charges (such as stamp duty) will be applied to the **premium**. These amounts are shown on your **schedule**.

EXCESS— An amount you may have to pay us at claim time

The amount and types of **excess** that applies to your policy and which you will be required to pay to us when you make a claim will be shown on your **schedule**.

The total excess payable for any one claim will be determined by adding all excesses which are applicable together.

Vero has five types of excesses:

1. Basic Excess

The basic **excess** is determined at the time the policy is issued. If **Vero** applies a basic **excess** to your policy it is based on the State or Territory your vehicle is usually located in. 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.

2. Inexperienced Driver Excess (drivers 25 years of age or over only)

The inexperienced driver **excess** will be applied in addition to the basic **excess** and you may be required to pay it to us, if the person driving the vehicle at the time of the loss or damage is 25 years of age or over and has been licensed to drive for less than 2 years.

3. Age Excess (drivers under 25 years only)

The age **excess** will be applied in addition to the basic **excess** and you will be required to pay it to us, if the person driving the vehicle at the time of the loss or damage is under the age of 25. The age excess will differ depending on whether that person is aged 16 -20 years or 21-24 years. However, the age **excess** will not apply where the driver is under 25 years of age and holds a learners permit, and the accompanying driver is fully licensed.

4. Undisclosed Driver Excess (drivers under 25 years only)

The undisclosed driver **excess** will be applied in addition to both the basic **excess** and age **excess** and you will be required to pay it to us, if the person driving at the time of the loss or damage is under 25 and the details of the driver are not shown on the **schedule**.

The following table details the amounts of the basic, age, inexperienced driver and undisclosed driver excesses. Please refer to your relevant State or Territory:

Type of Excess	NSW	VIC	QLD	WA	SA	NT	TAS	ACT
Basic	\$500	\$500	\$400	\$300	\$300	\$300	\$300	\$500
Age 16-20	\$700	\$700	\$500	\$500	\$500	\$500	\$500	\$700
Age 21-24	\$500	\$500	\$300	\$300	\$300	\$300	\$300	\$500
Inexperienced	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Undisclosed	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500

5. Underwriting Excess

Vero may also apply, an additional **excess**, as an underwriting **excess** at the time your policy is issued. This will be due to poor driving history and/or overall claims history. The amount will range from \$500 to \$20,000.

FACTORS AT RENEWAL

Each time you renew your policy, your **premium** is likely to change even if your personal circumstances have not changed. This is because premiums are also affected by other factors such as:

- the cost and frequency of claims **Vero** has paid to other customers;
- the cost and frequency of claims **Vero** expects to pay in the future;
- changes in government taxes or charges; and

- our expenses of doing business.

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.