

AAMI LANDLORD INSURANCE ADDITIONAL INFORMATION GUIDE

The Additional Information Guide (AIG) provides additional information about how we calculate premiums, our excesses and worked dollar examples. You should read this AIG together with our Landlord Insurance Product Disclosure Statement (PDS) dated 04/10/2024.

This AIG is relevant to you if your policy or renewing policy start date is on or after 24 January 2025.

About your premium

The cost of your insurance is called the 'premium'. Your premium will depend on many factors. Your premium for each period of insurance will be shown on your certificate of insurance.

We'll calculate your premium based on:

- Your risk
- Any discounts applied
- Compulsory government charges such as stamp duty and GST
- Fire Services Levy, where applicable
- The AAMI Flexi-Premiums® excess you choose.

Your risk – we work this out using factors we consider important, including the address, occupancy type, the type of property you're insuring, the materials and characteristics of the building/unit, claims history, how you pay your premium, the amount and type of cover you select, and the policy options chosen.

This isn't a list of all our risk factors. We collect information in relation to risk factors from you and other sources. The importance we place on the factors we use can change and how these factors combine to affect your premium will differ from person to person. We may add or remove factors. Your premium will cost less if you pay annually, rather than by instalments.

The premium you pay is also affected by other things including:

- The cost of claims we've paid to other customers and claims we expect to pay in the future
- Our expenses of doing business
- Other commercial factors.

When determining your renewal premium, we also consider your previous premium. As such we may limit movements up or down.

Premium discounts

Discounts are also a factor that can affect your premium. The premium you pay for your insurance includes any discounts we've given you. Discounts are applied before we add government taxes and charges. We determine eligibility for a discount on your renewing policy when we calculate your renewal offer.

From time to time we might offer a discount or some other special offer as part of a marketing campaign. If we do this, separate terms and conditions may apply. We regularly offer a discount for buying a new policy online through our website.

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

Government taxes and charges

After we have calculated the amount to cover your landlord insurance policy any applicable GST, stamp duty, other government charges and any levies are then applied.

Your excesses

The amount and types of excesses that apply to your policy are stated on your certificate of insurance or in the PDS. The different types of excesses are:

AAMI Flexi-Premiums® excess

You can choose from a number of AAMI Flexi-Premiums® excess levels between \$300 and \$5,000. Some renewing policies may have an AAMI Flexi-Premiums® excess below this minimum (which you can choose to increase). You can choose a different AAMI Flexi-Premiums® excess for the building and a different AAMI Flexi-Premiums® excess for landlord contents.

Additional excess

In some circumstances, we apply an additional excess to your policy based on our assessment of your risk.

Unoccupied excess

The unoccupied excess is \$1,000.

Claim settlement examples

The following examples are a guide only and are designed to illustrate how a claim payment might typically be calculated. The examples don't cover all scenarios or all benefits and don't form part of your policy terms and conditions. AAMI always determines real claim payments on an individual basis, after we've assessed each claim.

Notes about these claim payment examples:

- When you make a claim, we'll choose whether to deduct the applicable excesses from the amount we pay you or direct you to pay the excesses to us. The excess amounts stated are examples only and may be different to your excess(es)
- All amounts are shown in Australian dollars and are GST inclusive
- All examples assume that the policyholder is not registered for GST.

Example 1 – Total loss – Landlord building when the Complete Replacement Cover® option is chosen

The building is insured with the Complete Replacement Cover® option and this is shown on your certificate of insurance. The city has been hit by a major cyclone and the building was one of the many destroyed during the event. In this example, a \$800 AAMI Flexi-Premiums® excess applies to the building policy.

Your claim		Additional information
Cost to rebuild the building	\$600,000	A builder from our supplier network assesses the building as a total loss and the building needs to be rebuilt. Since you have Complete Replacement Cover® optional cover we cover loss or damage due to the cyclone up to the assessed quote from a member of our supplier network to rebuild the building on a 'new for old' basis. You elect to have the building rebuilt. We pay this amount directly to our builder and they commence work.
Emergency repairs and other repair/rebuilding costs	\$40,000	We pay the reasonable and necessary costs for removal of debris under the building policy. In this example, that amount is \$40,000. The debris damaged the building during the cyclone and it's necessary to remove the debris in order to rebuild the building. We pay this amount to our supplier undertaking this work. Note: When the Complete Replacement Cover® option isn't chosen, removal of debris cover for the building is limited to 15% of the building sum insured.
Loss of rent following an insured event	\$20,000	You also claim under the additional cover 'Loss of rent following an insured event' as you're unable to lease the property as a result of the loss or damage to the building covered by your policy. Your tenant was paying \$500 per week rent (net the amount deducted for the agent's commission and fees). Our builder determines that the repairs will take 40 weeks to complete.
Less excess payable	-\$800	You pay the higher of the building or landlord contents excess. In this example, you pay this amount directly to us.
Total claim	\$659,200	

Example 2 – Total loss – Landlord building when the Complete Replacement Cover® option is not chosen

The building is insured with a sum insured of \$350,000 (shown on your certificate of insurance) and you haven't insured the landlord contents. Your city has been hit by a major cyclone and the building was one of many destroyed during the event. In this example, a \$500 AAMI Flexi-Premiums® excess applies.

Your claim		Additional information
The sum insured shown on your certificate of insurance	\$350,000	A member of our supplier network assesses the building as a total loss and the assessed quote to rebuild is \$400,000. However, as the building sum insured is \$350,000 you're paid this amount.
Emergency repairs and other repair/rebuilding costs	\$25,000	We pay up to 15% of the building sum insured to remove the building debris from your land under additional cover 'Emergency repairs and other repair/rebuilding costs'. The debris damaged the building during the cyclone and it's necessary for the debris to be removed for the building to be rebuilt. In this example the cost to remove the debris didn't exceed 15% of the building sum insured. We'll either pay these costs directly to our supplier or reimburse you for these costs. Note: If the amount we pay under 'Emergency repairs and other repair/rebuild costs' doesn't reach the limit available under this cover, and the building sum insured isn't sufficient to cover the scope of works, we'll pay any amount remaining under the limit of this additional cover for that scope of works.
Loss of rent following an insured event	\$20,000	You also claim under the additional cover 'Loss of rent following an insured event' as you're unable to lease the property as a result of the loss or damage to the building covered by your policy. Your tenant was paying \$500 per week rent (net the amount deducted for the agent's commission and fees). Our builder determines that the repairs will take 40 weeks to complete.
Less excess payable	-\$500	In this example, you pay this amount directly to us.
Total claim	\$394,500	

Example 3 – Additional cover – Motor burnout

The ducted air conditioning unit motor attached to the building has suddenly stopped working and the repairer's report confirms that the motor for the unit has burnt out. The age of the motor in the ducted air conditioning unit is 5 years old. In this example, a \$300 AAMI Flexi-Premiums® excess applies.

Your claim		Additional information
Cost to replace the motor	\$600	Under additional cover 'Motor burnout', we'll cover the replacement or repair of the motor only in the air conditioning unit up to the age of 7 years. A member of our supplier network determines that the quoted cost to repair the motor is more than the cost of replacement. We cover the cost from a member of our supplier network to replace the motor with one of the same specification and standard available at the time of the loss or damage. We pay the repairer directly.
Less excess payable	-\$300	In this example, you pay this amount directly to us.
Total claim	\$300	

Example 4 – Legal Liability – Landlord building claim

You've insured the building, and your tenant has made a claim against you for the amount of \$10,000 arising from an injury he sustained when he tripped over a large crack running across the driveway of your investment property. It is determined that you're legally liable. In this example, a \$500 AAMI Flexi-Premiums® excess applies.

Your claim		Additional information
Total amount of claim	\$10,000	We pay this amount to the injured party.
Less excess payable	-\$500	In this example, you pay this amount directly to us.
Total claim	\$9,500	

Example 5 – Partial loss – Building only fire damage

While your tenant was cooking dinner, the phone rang and your tenant didn't notice the cooking oil catch on fire. When the fire was extinguished, there was damage to the stove, kitchen wall behind the stove and the bench top to the right of the stove. In this example, a \$700 AAMI Flexi-Premiums® excess applies.

Your claim		Additional information
Cost to replace stove and kitchen wall	\$3,000	We cover the assessed quote from a member of our supplier network to replace the stove and kitchen wall. We pay the supplier direct.
Amount to replace damaged bench top	\$2,000	Due to the age of the kitchen, the damaged bench top on the right of the stove couldn't be replaced with new laminate that matches to the undamaged bench top to the left of the stove. We've offered to repair using laminate of a similar type and standard, but you aren't satisfied with the laminate we have found. We'll only pay extra to match the damaged parts to undamaged parts in certain limited circumstances. In this example, the damaged bench top isn't continuously joined to the undamaged bench top, so we won't pay extra to repair the undamaged bench top. We pay you the assessed quote from a member of our supplier network to repair the damaged bench top.
Less excess payable	-\$700	In this example, this amount is deducted from the amount we pay you for the claim.
Total claim	\$4,300	

Example 6 – Loss of rent – tenant default

You own a townhouse and have insured your landlord contents for \$30,000. Your tenant absconds without paying 8 weeks' rent at \$1,000 per week (net the agent's commission and fees), thereby owing \$8,000 in unpaid rent. You had a rental agreement in place with this tenant on a fixed term basis and as yet, despite actively seeking a new tenant, have been unable to secure a new tenant for 2 weeks, incurring a further loss of rent of \$2,000. Your total loss of rent is \$10,000. You have the Tenant Protection option on your policy and in this example, a \$500 AAMI Flexi-Premiums® excess applies.

Your claim		Additional information
Reimbursement of lost rent	\$6,000	There's no cover provided for an amount equal to four (4) times the weekly rental amount (4 X \$1,000 = \$4,000). Therefore, we deduct \$4,000 from the amount the tenant owes you (\$8,000 - \$4,000 = \$4,000). As you're yet to secure a new tenant, we pay a further \$2,000 (a further 2 weeks lost rent) up to the limit available. Note: Cover is limited to \$6,000 in total for Loss of rent – tenant default. Please refer to the PDS for more information.
Replacement of locks	\$800	As your tenant left without returning the keys, we cover the cost of replacing keys, locks and cylinders on external doors and windows under 'Replacement of locks'. The assessed quote from a member of our supplier network is \$1,000 but the most we'll pay under 'Replacement of locks' is \$800. We pay you \$800.
Less excess payable	-\$500	In this example, you pay this amount directly to us.
Total claim	\$6,300	

Example 7 – Loss of rent – tenant default, Theft or burglary by a tenant and Malicious acts or vandalism by a tenant

You've insured the building and your tenant absconds without paying 20 weeks' rent at \$1,000 per week (net the agent's commission and fees). You have a fixed term rental agreement in place with your tenant. Before leaving, the tenant deliberately kicks and punches holes in every interior wall of the building causing \$40,000 damage and steals the built-in dishwasher worth \$2,500. You have the Tenant Protection option on your policy and in this example, a \$500 AAMI Flexi-Premiums® excess applies.

Your claim		Additional information
Loss of rent – tenant default	\$6,000	There's no cover provided for an amount equal to four (4) times the weekly rental amount (4 X \$1,000 = \$4,000). Therefore, we deduct the \$4,000 from the amount the tenant owes you (\$20,000 - \$4,000 = \$16,000). Cover is limited to \$6,000 in total for Loss of rent – tenant default. We pay you this amount.
Theft by tenant	\$2,500	As you are claiming against Loss of Rent – tenant default, Theft or burglary by tenants or their guests and Malicious acts or vandalism by tenants or their guests in relation to the same incident, the amount equal to four (4) times the weekly rental amount is only applied to your claim once. As it has already been applied to your claim in relation to Loss of Rent - tenant default, it doesn't need to be applied to your claim again. A member of our supplier network sources a replacement dishwasher for you.
Malicious acts by tenant	\$30,000	Although a member of our supplier network assesses the damage to the interior walls of the building caused by your tenant is \$40,000, the limit under this cover is \$30,000. We pay you \$30,000.
Excess payable	-\$500	In this example, you pay this amount directly to us.
Total claim	\$38,000	

Financial Claims Scheme

In the unlikely event of an insurer becoming insolvent, a person entitled to claim under protected policies may be entitled to payment under the Financial Claims Scheme (FCS). Access to the scheme is subject to eligibility criteria.

Information about the FCS can be obtained from the APRA website at www.fcs.gov.au.