



Home Insurance

Premium, Excess & Discounts Guide

This RACV Home Insurance Premium, Excess & Discounts Guide should be read with and forms part of the RACV Home Insurance Product Disclosure Statement and Policy Booklet (PDS), prepared on 2 August 2022.

This guide applies to policies issued in Victoria with a commencement date on or after 22 February 2023 or with a renewal effective date on or after 27 March 2023.*

This guide provides further information about the cost of your insurance and excess(es) you may need to pay if you make a claim.

* This guide also applies to New South Wales, the Australian Capital Territory or Queensland customers who are identified as being eligible in limited circumstances.

Call 13 RACV (13 7228) for information about policies issued with a Home address outside Victoria.

How we work out your premium

Your insurance premium generally reflects the likelihood of a claim being made on your policy in the future. There are a number of factors we take into account when determining your premium.

We calculate your premium by combining and considering the following:

- Pricing factors
- Choice of excess
- Policy options
- Minimum and maximum premium
- Cost of choosing to pay by the month
- Discounts, and
- Government charges.

Other commercial factors affect the premium you pay, including costs associated with operating our business. 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 calculated based on a number of factors, including our updated modelling, your circumstances and wider insurance trends.

Minimum and Maximum Premium

Your premium, including any discounts you may be eligible for, are subject to minimum and maximum premiums. We consider the minimum and maximum amounts we are prepared to sell the policy for and may adjust your premium to ensure it does not fall outside that range. Any discounts will be applied to your policy, only to the extent any minimum premium is not reached. This means that any discount you may be eligible for may be reduced. When we determine your premium on renewal, we may also limit any increases or decreases in your premium by considering factors such as your previous year's premium amount.

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. So, if you have a lower chance of making a claim then you will generally pay a lower premium compared to someone who has a higher chance of making a claim.

Our experience shows there are a number of factors that are a good indicator of the possibility of a claim being made. We call these pricing factors.

Some pricing factors are more significant than others, and the impact may vary according to your circumstances. For Home Insurance policies, pricing factors that may be taken into account in determining your premium include a combination of some or all of the following:

- policy type
- level of cover chosen
- optional coverages or benefits you have chosen
- the sum insured you have chosen
- any excesses or special conditions that apply
- the construction materials of your home and when your home was built
- the address of your home
- the flood risk of your home
- how your home is occupied – for example, owner or renter
- the type of alarm installed
- how you choose to pay your premium
- your previous year premium if your policy is a renewal, and
- features including age and claims history of the owners.

This is not an exhaustive list of our pricing factors.

We collect information in relation to these pricing factors from you and other sources and we use our data, models, and experience to assess how important each pricing factor is for your policy. At any time we may change the relative importance of any of the pricing factors or how they combine to affect your premium, and we may add to or remove pricing factors from the calculation as we see fit.



We also consider your previous premium and may take steps to limit the change in your premium at renewal.

Discounts

The following discounts are available depending on the type of insurance you have chosen:

- Years of Membership Benefit
- No Claim Bonus
- Multi-Policy Discount.

Policy options

If you have Buildings Insurance you may add the following options to your policy by paying any additional premium that applies:

- Accidental Damage
- Burn out of electric motors – fusion.

If you have Contents Insurance you may add the following options to your policy by paying any additional premium that applies:

- Accidental Damage
- Burn out of electric motors – fusion
- Valuable Items Cover
- Portable Items Cover.

Cost of choosing to pay by the month

If you choose to pay your premium by monthly instalments you may pay more than if you pay annually. Any additional premium when you pay monthly is due to this being a pricing factor and an administrative cost.

Any additional premium you are required to pay will be shown on your current Certificate of Insurance.

Government charges

Home Insurance policies are subject to stamp duty imposed by state and territory governments in addition to GST.[^]

Government Charges	VIC	NSW	ACT	QLD
GST	10%	10%	10%	10%
Stamp Duty	10%	5%	0%	9%

[^] In addition to stamp duty and GST an amount of your premium is also used by us to pay NSW Fire Services and State Emergency Services (SES) levies for any eligible policies issued in NSW.

How we calculate your home premium

Step 1

First, we will combine the pricing factors relating to the product and any options you have chosen.

Step 2

Then we add the cost of choosing to pay by the month to the building or contents premiums.

Step 3

We then add any pricing factors relating to the year your home was built and apply to the building premium from Step 2.

Step 4

Once this amount is calculated we work out any No Claim Bonus you may be eligible for and apply this to the amount from Step 3. (excluding the Burn out of electric motors – fusion).

Step 5

We then work out any Multi-Policy Discount that you may be eligible for and apply this to the amount from Step 4.

Step 6

We apply any Years of Membership Benefit you may be eligible for to the amount in Step 5.

Step 7

If you have both Buildings and Contents Insurance under the one policy, we add your buildings premium and contents premium together as well as adding the premium from any options you have chosen.

Step 8

We then add applicable government charges to work out the premium you need to pay.



Excess

An excess is the amount you contribute towards the cost of your claim.

There are 3 types of excess(es):

- basic
- accidental damage, and
- special.

Your current Certificate of Insurance shows the amount and types of excesses that apply to your policy. The type of excess you need to pay depends on what your claim relates to. Also, you may need to pay more than one excess.

The amount and types of excess(es) payable are shown on your current Certificate of Insurance.

When you make a claim, an excess may apply. If so, we will:

- deduct the excess from any claim payment, or
- request you pay the excess to us or to the repairer or supplier.

If we request you pay the excess, we will tell you who to pay and may require payment as part of the finalisation of your claim.

You do not have to pay an excess if you make:

- a liability claim, or
- a claim for food spoilage (see Section 2 of your RACV Home Insurance PDS).

Basic excess

If you make a claim, a basic excess may apply. The circumstance(s) when an excess (including a basic excess) does not apply are set out in this Excess section.

You can choose one of the following amounts as your basic excess: \$100, \$200, \$300, \$500, \$750, \$1,000, \$2,000, \$3,000, \$4,000, \$5,000.

Or if you're 50 years or older you can choose a nil excess in place of \$100 excess.

If you choose a higher basic excess on your policy, you can decrease your premium. You should make sure the basic excess you choose is appropriate for you, taking into account your sum(s) insured and the limits of any other benefits or optional covers.

Your basic excess amount will be shown on your current Certificate of Insurance.

Accidental Damage excess

If you have chosen the Accidental Damage option and make an accidental damage claim, you must pay the \$300 accidental damage excess instead of your basic excess.

Special excess

We may apply a special excess for one of the listed events. A special excess is payable in addition to your basic excess. Any special excess applicable to your policy will be shown on your current Certificate of Insurance.

Discounts

We offer the following discounts that you may be entitled to:

- Years of Membership Benefit
- No Claim Bonus
- Multi-Policy Discount.

The discounts you have will be shown on your current Certificate of Insurance.

The way in which the discounts are applied to your premium is set out under the heading 'How we calculate your home premium' on page 2 of this guide.

Years of Membership Benefit

This discount applies to Home Insurance[#].

We reward you with a Years of Membership discount which is linked to the colour of your RACV membership card. RACV Years of Membership Benefit increases the longer you are with us.

Membership Card Colour	Years of Membership	Annual Discount
Blue	0-4 years	0%
Bronze	5-9 years	5%
Silver	10-24 years	10%
Gold	25-50 years	15%
Gold 50	51 years or more	20%

[#] Excludes Travel, Business, and Farm Insurance products.



No Claim Bonus

We give you a No Claim Bonus to reward you for having a good claims record. We calculate your No Claim Bonus based on your insurance and claims history.

The No Claim Bonus levels are:	
	25%
	20%
	15%
	10%
	5%
	0%

How does No Claim Bonus work?

Each year at renewal, your policy moves up to the next level of No Claim Bonus (up to the maximum) if you do not make a claim for the period from the start date of your policy to the date of your first renewal notice* (for a new policy), or the period between the date of your last renewal notice* and the date of the next renewal notice*.

For each claim made, your No Claim Bonus will move down two levels. The No Claim Bonus reduction will usually occur at the next renewal, however if the claim is made after the date of your renewal notice* but before your next policy period start date, the reduction may occur the following year at your subsequent renewal.

Liability claims do not affect your No Claim Bonus.

* You can find this date on the bottom of your renewal notice. This may be different to your policy period start date as shown on your Certificate of Insurance.

Multi-Policy Discount

A Multi-Policy Discount rewards you for holding multiple RACV Insurance policies.

See if you qualify for a Multi-Policy Discount#:

How to qualify	Multi-Policy Discount
Hold two or more of the following: Home, Landlord, Motor, Caravan & Trailer, Boat or Veteran, Vintage and Classic Vehicle Insurance.	Save 10% On your Home, Landlord, Motor, Caravan & Trailer, Boat or Veteran, Vintage and Classic Vehicle Insurance.

To receive a Multi-Policy Discount, the eligible policies must be current.

If you take out a new eligible policy the Multi-Policy Discount will be applied to that policy.

For your existing eligible policies any change to your Multi-Policy Discount generally applies from the next renewal after you qualify.

If you become eligible for an updated Multi-Policy Discount around the time your existing policies are due for renewal, the updated Multi-Policy Discount may not be applied to those renewing policies (the updated discount will be applied on the subsequent renewal).

You should contact us if you believe you are eligible for a higher Multi-Policy Discount on a policy and it is not noted on your Certificate of Insurance.

The way in which your Multi-Policy Discount is applied to your premium is set out in the 'How we calculate your home premium' section of this guide on page 2.

Excludes Travel, Business, and Farm Insurance products.

Prime Cover Home Insurance

If you're 50 years or older we offer benefits in addition to other features of your Home Insurance policy.

Benefits

- A nil basic excess option, so if you make a claim you won't have to pay a basic excess (you can still choose a higher excess to lower your premium)

If there is anything you don't understand about this RACV Home Insurance Premium, Excess & Discounts Guide, please call us on 13 RACV (13 7228) or visit your nearest RACV Shop.