

STATE

Ins'n'outs Insurance Guide

The small print in plain speak



Let's face it, navigating your way through the ins and outs of insurance can be a challenge!

We know you're busy, so finding the time to read and understand your insurance policy can be difficult. That's why we've come up with this guide – a simple rundown of how insurance works for your home, contents and car and how to make a claim.

Hopefully this will help you understand the small print and prevent any unnecessary surprises.

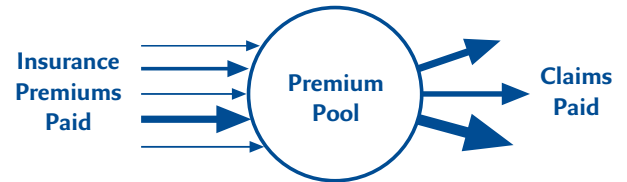
If you need any further assistance, feel free to give us a call on **0800 80 24 24** or call into one of our State sales centres nationwide – you'll find us in the phone book.

How insurance works

Insurance is all about managing the risks associated with the things you value – such as your home, your belongings, car, income and business. By 'risk', we mean events like fire, flood, theft and illness.

Insurance is your financial safeguard against the unexpected. You pay an insurance premium, which we then put into a pool with other people's premium. If you need to make a claim, we use funds from the pool to pay for the things your policy covers.

Risks are not all the same. We charge less for a smaller risk and more for a greater risk so as not to disadvantage others in the pool. Some risks may be uninsurable if the risk is too high.



How insurance works

You pay an excess on your claim, not so we don't have to pay, but to avoid lots of smaller claims which would increase the cost for everyone. In some cases, higher excesses may apply because the risk is regarded as more hazardous.

If you have trouble with any of the terms in this guide, there's a glossary section to help you out.

Mary-Jane Daly
Executive General Manager
State Insurance



Things that may surprise you

In our many years of experience we've discovered a few myths around the various types of insurance cover that we provide. We'd like to put the record straight with a few facts. For more detailed information please refer to your policy document.

Your car

A repair guarantee can apply

When work is done by an Approved Repairer, the repair is guaranteed for as long as you own the car and continue to insure it with State. You're still welcome to choose your own repairer but no guarantee will apply to such repairs.

If you're in an accident and your car doesn't have a current Warrant of Fitness, you are still insured

That's right – if you forget to arrange a Warrant of Fitness on the due date or you're in the process of getting the required repairs and you have an accident, we'll still cover you. This is unless your car had an unsafe condition that contributed to the accident such as bald tyres and driver was aware of the condition.

You need to tell us about all modifications to your vehicle

Any change made to your car after it was first manufactured is considered a modification. This includes such things as a new stereo or mag wheels. Please tell us about any modifications, even if the change was made before you bought the car.

You don't automatically get a free hire car while yours is being fixed because of a claim

All State Car Comprehensive policyholders are eligible for our hire car extension. Please contact us for more details.

You need to tell us about your driving record

Whenever you take out or renew an insurance policy, you'll need to provide us with true and accurate details. We need to know about previous accidents and losses including thefts as well as driving disqualifications, speeding fines and other driving offences. If you're unsure if something is important for us to know, give us a call and we'll let you know.

Make sure you tell us about any security devices or immobilisers

You may even qualify for a discount on your premium.

Your home

If you have a leaking tap that creates water damage over time you're not covered

We do not provide cover for slow or gradual damage when the damage could have been prevented through usual property maintenance. However, if the source of the leak is hidden, for example a leaking pipe in a wall, then we will cover the resulting damage up to the policy limit. This does not apply to rental properties.

Not all home renovations are automatically covered

If you're a DIY enthusiast or have renovation plans, speak to us first before starting major projects.

The general rule of thumb is that any job involving structural work or excavations should be separately insured under a Contract Works policy. To talk through if you need additional cover just give us a call any time on

0800 80 24 24

Your contents

Not all contents are replaced as new

It depends on the policy you hold with us and the items that need to be repaired or replaced. The best thing is to read your policy document for more information and if you have any more questions at all please do call us on

0800 80 24 24

You can't get your whole house re-carpeted if you have a claim for damage to your carpet

The cover only applies to the room where the carpet is damaged. Again, this helps to keep your insurance affordable.

Outdoor plants are not insured

Take good care of your exotic plants, trees and hedges as they are not insured. However, if your garden fence goes missing (it sometimes happens), you'll be insured under your State Home Comprehensive policy.

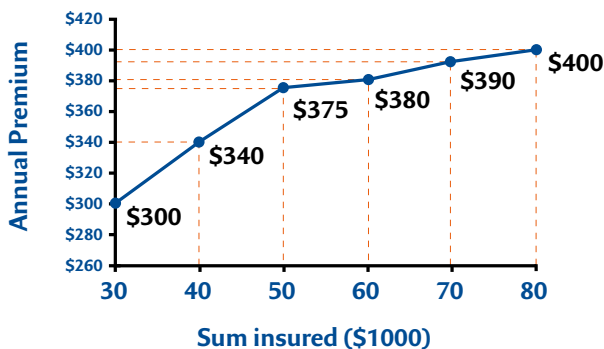
State Contents policies do cover you for legal liability

Both your State Contents Comprehensive and Contents Essentials cover not only your contents, but also cover you for accidental damage you cause to other people's property. This is particularly important if you're a tenant.

You'll be surprised how little it costs to increase your sum insured

Do you have enough contents insurance cover? To help you calculate the value of all your contents, use our specially designed online contents calculator at www.state.co.nz or drop into your local State sales centre. The graph below shows an example of how little it costs to increase your sum insured.

Your Sum Insured



Based on a Home Contents policy for an owner-occupied home in Rotorua with burglar alarm. (December 2006)

Straight talking

Your insurance policy is a legally binding contract. That means you must always be totally honest with us, just as we'll be totally honest with you.

You have a duty of disclosure. This means whenever you take out or renew an insurance policy, you need to provide us with true and accurate details. That includes things you might not consider important, such as speeding convictions, adding mag wheels to your car or renovating your home. This way we can keep your policy up to date with the right premium and the right cover. If you're unsure what might be important, please contact us to discuss.

Are you covered?

Sometimes it's hard to remember whether the policy you bought covers you for what you think you may need to claim on in the future. Here's an easy exercise that may help:

Step one – ask yourself “what do I think I've got covered under my policy?”

Step two – write it down

Step three – check your policy and if things aren't what you expect, please contact us.

If you don't have enough insurance you might not be covered when you need it most, and if you have too much insurance you could be paying more premium than you need to, so it's well worth looking into.

Making a claim

You buy insurance to protect the things you value

If you need to make a claim, we're here to help any time. Simply call us on **0800 80 24 24** as soon as you can, and we'll take care of things from there – no matter how large or small your claim.

How we can help

If you need to make a claim we promise to:

- Treat you fairly and process the claim within the terms of your policy.
- Arrange assessment straight away if you've experienced a major property loss (such as a house fire).
- Accept your claim during the first phone call if we can. If we need more information we'll let you know as soon as possible.
- Keep you informed on the progress of your claim.
- Give you all the information you need on how we'll settle your claim.

How you can help

Making a claim is easy – but there are some ways to make it even simpler:

- Do whatever you can to prevent any further loss or damage at the scene. For example, if a car window has been smashed, park the car against a wall so that it's more difficult for someone else to get into it.
- Talk to us before you start paying for repairs or replacement. If it's an emergency, go ahead, but always keep the receipts as you may be reimbursed under your policy.
- If you're involved in an accident and may have damaged someone else's property, please don't admit it was your

fault until we can look at the available information to confirm the cause. We may find there were other reasons for the accident. Simply say you need to speak to your insurer and contact us as soon as you can.

- Contact us as soon as possible if you receive documents from any other party involved in the claim.

For more information on making specific car, home, or contents claims please visit www.state.co.nz

Talking things over

We'll do everything we can to treat you fairly. However, if you ever have any concerns about our service, please contact us. We'll do our best to resolve the issue quickly and we can also let you know about our complaints procedure if we're unable to settle the matter at that stage.

If you decide to make a written complaint, we will:

- Acknowledge the complaint within three working days of receiving it.
- Make sure it's fully investigated as soon as possible.
- Write to you with an update on the progress or result of the complaint within 10 working days of receiving it.
- Let you know within two months if we can't resolve your complaint and about any other options, such as the Insurance and Savings Ombudsman scheme, which considers complaints free of charge.

State is a member of the Insurance Council of New Zealand and accordingly we comply with the Council's Fair Insurance Code.

For a copy of the latest Insurance & Savings Ombudsman (ISO) Terms of Reference visit www.iombudsman.org.nz or call 0800 24 24

Protecting your assets

It's a good idea to take some precautions to protect your home, contents and car. This could save you money on your insurance premium. Here are some tips to get you started:

Your home and contents

- Install good outside lighting and a burglar alarm. You may qualify for a discount on your contents premium if you have an alarm.
- Fit smoke detectors and keep fire extinguishers in the kitchen and garage. Make sure you have these tested regularly and that they meet recognised standards.
- Keep important papers such as receipts and other documents so you can show your ownership.
- Record the serial numbers of all your electronic equipment.

Your car

- Keep your vehicle keys with you. Keep spare keys at home or work.
- Park in busy, open, well-lit areas.
- If you garage your vehicle at home, ensure the garage and car is locked.
- Keep valuables (money, mobile phone, cheques, credit cards) on you or at home – not in the glove box or under a seat.
- Consider installing a car alarm and electronic engine immobiliser (which prevents the vehicle from being started). If you have a approved immobiliser installed you may also qualify for a discount on your premiums.

So what do some of those insurance terms mean?

Here are some common terms you may find in your policy documents:

Policy	Your policy is a contract between you and your insurance company which sets out the conditions and details of your insurance cover. A policy schedule sets out the personal details of your insurance.
Premium	A premium is the amount you pay to have your property or personal effects insured. Depending on the type of cover you have, your premium can also include Earthquake Commission and Fire Service levies. When you pay your premium, you accept the policy offered by the insurance company.
Excess	This is the amount of a claim that you have to pay yourself. For example, the standard excess for a State Contents policy is \$250, so you would pay the first \$250 of any claim on that policy and we pay the rest. By increasing your excess you can reduce the amount of premium you pay.
No Claim Discount	This is a discount you may be entitled to on your renewal premium if you don't make a claim under your insurance policy for one or more consecutive years. It reflects that your risk has improved.

Sum insured	Under a sum insured policy, we agree on cover up to a certain dollar amount. For example, if some of your home contents are stolen, we'll replace them up to that limit. With this type of policy it's important to update your sum insured regularly, otherwise the amount of cover you have may not be sufficient to totally replace your valuables.
Actual replacement	This is an alternative to a sum insured policy and will pay out on the actual cost of replacement for your home. For example, if your house is destroyed, we'll rebuild the house with similar materials without a set limit on cost. This sort of insurance policy is usually only available for houses that are owner-occupied, in good condition or under a certain age.
Indemnity value	This is an item's current value allowing for its age and condition immediately before the loss or damage happened. So a 10-year old stereo is likely to have a lower indemnity value than a brand new one and we would settle the claim based on its value prior to the loss. This is also referred to as market value or present value.
Reasonable care	As part of an insurance contract, you have an obligation to protect and look after your property. For example, if you left your house unlocked while you're away over night, we may consider that you had not taken reasonable care. The general rule for reasonable care is simple common sense – would you act in the same way if you weren't insured?
Assessor and Loss Adjuster	When a loss occurs, our Assessors and Loss Adjusters liaise with tradesmen and repairers in working out the cost of the loss and organising any repairs.

A final word from our customers

Colmar Brunton Claims Satisfaction Survey, 2008

We asked some of our customers what they thought of their most recent claims experience with State. Here's what they said:

- "It was great, done really quickly and all over within a couple of days."
- "I was very happy, the whole procedure went very well."
- "Dealing with State was very easy."
- "Only had to call them once and they put me straight through to the panel beaters."
- "The lady was very good at explaining the process she was friendly and clear."
- "The good thing is that they respond fast."
- "Any questions or queries that I had, the concerned staff got in touch with their superiors and they got back to me."
- "Couldn't fault them."
- "They were very efficient and the claim was sorted out within days."

Come in and see us

If you would like more information about State or our insurance products, we're always here to help.

Call into one of our sales centres around the country. You'll find us in your phone book.

Our locations are:

Whangarei	Wanganui	Nelson
Takapuna	New Plymouth	Blenheim
New Lynn	Napier	Christchurch
Botany Downs	Hastings	Riccarton
Manukau	Palmerston North	Timaru
Tauranga	Levin	Dunedin
Hamilton	Masterton	Invercargill
Whakatane	Lower Hutt	
Gisborne	Porirua	
Rotorua	Paraparaumu	
Taupo	Wellington	

0800 80 24 24
www.state.co.nz



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