

AA Insurance to provide over \$19m in rebates to motor insurance customers

Auckland, 6 August 2020 – AA Insurance has begun issuing \$19.5 million in rebates to customers because of the reduced likelihood of motor insurance claims during the COVID-19 lockdown period.

The premium rebates were announced in April. Every eligible customer will be refunded a portion of the motor premiums they paid during the Alert Level 3 and 4 lockdowns.

CEO, Chris Curtin, says that in extraordinary times such as the COVID-19 pandemic, AA Insurance needed to do more to support its customers.

“It became clear very early on that many were affected by the economic impacts including reduced or no income, job losses and the uncertain future of businesses. We quickly determined three initiatives that we strongly felt were the right things to do to help customers – create a \$2 million hardship fund, freeze premium increases across personal motor, home and contents products, and give premium rebates to customers with motor insurance.

“Premiums are calculated in advance, however after seeing the number of motor insurance claims fall because people stayed at home, we wanted to acknowledge this and give back to our customers, so we have reviewed the premiums paid and have started refunding a portion of this back to them,” he says. “This decision is driven by the principles of fairness and doing the right thing by our customers and the communities we live in.”

For most customers, the rebate will equate to approx. 42% of their motor policy premium paid between 24 March and 13 May 2020. For customers with comprehensive motor policy, most will receive a rebate of about \$40 (inc GST). AA Insurance is providing rebates for over 400,000 customers with motor policies, which include caravans, trailers, motorcycles, classic vehicles and motorhomes as well as cars.

To calculate the rebates accurately, the company needed to wait until after the end of its financial year, to clearly see the impact of the COVID-19 lockdown.

AA Insurance expects to contact all customers directly— either by email or post - and issue the majority of rebates by the end of September. Some customers will be asked to provide their bank account details but will not be asked for their credit card details.

“We hope these premium rebates go some way to helping customers who’ve been financially impacted by COVID-19,” says Chris.

Rebate details

- The total rebate from AA Insurance is \$19.5 million, which includes GST.
- AA Insurance intends to give rebates to all its motor insurance customers who held a policy and paid premiums for the period of the COVID-19 lockdown, from Tuesday 24 March 2020 to Wednesday 13 May 2020, inclusive.
- The total rebate will equate to 41.85% of customers motor policy premium paid between Tuesday 24 March 2020 to Wednesday 13 May 2020, inclusive.
- AA Insurance will communicate directly with customers regarding how the rebate will be paid and intend to pay the majority of rebates before the end of September 2020. Some customers may need to provide us with more information before we can make this payment.
- Rebates will be calculated based on the percentage of your premium that gets paid towards motor claims. The premium excludes any applicable Fire Service levies.
- As each customer pays a different base premium and may have different discounts applied depending on whether they are an AA Member or have multiple policies, the rebate amount paid to each customer will differ for each customer and policy.
- Rebates will be pro-rated for customers who cancelled their policy or joined AA Insurance during the lockdown period.
- Customers who had their motor premiums waived via the AA Insurance Hardship Fund to help maintain an eligible policy may not qualify for the full premium rebate
- During Alert Level 3 and 4 lockdowns AA Insurance continued to absorb operating expenses, as well as any impact on its investment portfolios, a key revenue for insurers, to ensure customers see the full benefit of the reduction in motor insurance claims.
- Customers will not be asked for their credit card details but may be asked to supply additional details such as their bank account number.

ENDS



About AA Insurance

AA Insurance is an independently operated, New Zealand-based joint venture between the New Zealand Automobile Association (NZAA) and Vero Insurance New Zealand Limited (VINZL). Since 1994 we have demonstrated trusted expertise in home, contents and car insurance in New Zealand, and in 2018 introduced commercial small business insurance. We underwrite our own policies and sell direct to New Zealanders. Our 750+ staff look after 430,000 customers with nearly 850,000 policies.

We proudly partner with Eden Park, support youth charity Blue Light, and have been consistently recognised by: Reader's Digest Most Trusted Brands (Most Trusted General Insurance brand 10 consecutive years since 2011) and Quality Service Award for Car Insurance (since 2015), Canstar Blue Most Satisfied Customers (2013-2018), and the Colmar Brunton Corporate Reputation Index (since 2015) that recognises New Zealand's most successful companies. Last year, AA Insurance was also named Consumer's 2019 People's Choice award winner for car, home and contents.

AA Insurance has an A+ (Strong) Insurer Financial Strength Rating given by Standard and Poor's (Australia) Pty Ltd. For further information visit aainsurance.co.nz.

For more information please contact:

Nicole Steven, Botica Butler Raudon Partners, (09) 303 3862, 021 025 31886 or nicoles@botica.co.nz