

auto equity shortfall insurance policy

important notices

Your duty of disclosure

Under Insurance law, *You* are required to tell *Us* everything *You* know or could reasonably be expected to know that may influence *Our* decision to insure *You* and the terms and conditions on which *We* will insure *You*.

If *You* do not tell *Us* those things that may be relevant, *We* may:

- reduce the amount *We* pay for a claim;
- refuse a claim;
- cancel the policy; or
- in some cases treat *Your* policy as never having begun.

Cover

The cover provided by *Your* policy may contain unusual terms. It is therefore important that *You* read and understand *Your* policy. It is *Your* choice whether or not *You* insure with Swann.

Agent authority

The person selling *You* this insurance is doing so as an Agent of *Ours* and may receive remuneration from *Us* for arranging this insurance.

Money back guarantee

If *You* request cancellation of this policy within 14 days of the policy commencement date and *You* have not made a claim, *We* will refund *Your* premium in full.

Claims Paying Ability Rating

Swann Insurance is a business division of IAG New Zealand Limited that received a Standard and Poor's (Australia) Pty Limited rating of AA- "Very Strong" on 3 November 2009.

This means IAG New Zealand Limited has a "Very Strong" claim paying ability, as *You* can see from the scale below. As a customer, this is important to *You*, as it is *Your* reassurance that *We* will be able to pay out on *Your* claims now and in the future.

The rating scale is:-

AAA	Extremely Strong
AA	Very Strong
A	Strong
BBB	Good
BB	Marginal
B	Weak
CCC	Very Weak
CC	Extremely Weak

The ratings from "AA" to "B" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

If *You* would like further information, a detailed pamphlet is available from the Insurance Council of New Zealand Inc entitled "A Guide to the Insurance Companies (Ratings & Inspections) Act 1994".

Fair Insurance Code

Swann Insurance proudly supports The Fair Insurance Code. The purpose of this Code is to raise the standards of practice and service in the insurance industry. Brochures on the code are available from *Our* office.

Information on *Our* service commitment and dispute resolution procedure is detailed in the policy.

Our agreement with you

Provided *You* have paid the premium, *We* agree to insure *You* for the type of cover stated in the *Policy schedule*, subject to the terms and conditions of this policy.

We will only give *You* this cover for the period stated on the *Policy schedule*.

Your contract

Your insurance policy is a contract between *You* and *Us*.

Your contract is made up of:

1. The proposal;
2. This policy wording;
3. *Your* current *Policy schedule*.

Together, these documents set out the terms and conditions of *Your* policy.

It is *Your* responsibility to make sure that all details contained on the *Policy schedule* are correct.

Definitions

Words appearing in this policy have the following meaning:

Commencement date means the later of; the date funds are advanced by the financier for the acquisition of the *Vehicle*, or the date *You* signed the proposal.

Comprehensive Motor Vehicle Insurance Policy means an insurance policy which covers *You* against theft and accidental loss or damage to the *Vehicle*, and *Your* liability for third party property damage. This does not include Third Party, Fire and Theft Only or Third Party Only type policies.

Finance agreement means the agreement between *You* and the financier in relation to the *Vehicle* as stated in the *Policy schedule*.

Financier means the financial institution as stated in the *Policy schedule*.

Policy schedule means the most recent schedule *We* give *You* describing the details that are specific to *Your* Policy.

Shortfall amount means the amount calculated by deducting the total loss settlement amount from the *Vehicle* finance settlement amount.

Total amount financed means the total amount of all funds advanced by the financier under the finance agreement.

Total finance payout amount means the total amount owing on the finance agreement as at the date of loss recorded by the *Vehicle* insurer. This does not include any arrears due to the financier.

Total loss means a claim on the comprehensive motor vehicle insurance policy where the *Vehicle* insurer has declared the *Vehicle* a total loss because the *Vehicle* is uneconomical to repair or it has been stolen and not found.

Total loss settlement amount means the pre-accident value agreed upon by *You* and the *Vehicle* insurer in final settlement of *Your* claim following a total loss less any policy excess amount applicable to that claim. This does not include any other deductions made by the *Vehicle* insurer for items such as storage, salvage, towing or premiums.

Vehicle means the *Vehicle* described in the *Policy schedule*.

Vehicle finance amount means that portion of the total amount financed used in relation to the purchase price of the *Vehicle* inclusive of delivery charges, government charges, registration charges and any insurance policy premiums for policies providing cover on either the total amount financed or the *Vehicle*. This excludes any amount advanced under the finance agreement that is used for any other purpose.

Vehicle finance settlement amount means the amount owing on the finance agreement in relation to the *Vehicle* finance amount as at the date of loss recorded by the *Vehicle* insurer. This does not include any arrears due to the financier.

If the total amount financed exceeds the *Vehicle* finance amount, the *Vehicle* finance settlement amount will be the same proportion of the total finance payout amount as the *Vehicle* finance amount is to the total amount financed.

Vehicle insurer means the insurance company named in the comprehensive motor *Vehicle* insurance policy.

We, our and us means Swann Insurance, a business division of IAG New Zealand Limited.

You and your means the insured person(s) named in the *Policy schedule*. It also includes the financier to the extent of their interest in the *Vehicle*.

What we will pay

In the event of a total loss and provided the *Vehicle* insurer has accepted *Your* claim, *We* will:

1. pay *You* \$1,000 (including GST) for out of pocket expenses; and
2. pay any shortfall amount owing to the financier up to a maximum of \$10,000 (including GST).

We will only pay one claim under this policy.

What we will not pay

In determining the shortfall amount to be paid, *We* will not pay the following:

1. any rebatable items which are included in the finance agreement; or
2. any additional costs arising from a variation to the original finance agreement.

We may also require other documentation or Statutory Declarations from *You* depending on the circumstances of *Your* claim. *We* will ask for this documentation if required.

If *Your* completed claim form is not received by *Us* within 14 days of a total loss settlement, *We* may refuse a claim or reduce the amount *We* pay for a claim.

A claim form may be obtained from any of *Our* offices.

When we will not pay

This policy will cease to operate and no claim will be paid where the *Vehicle*:

1. is being or has been used for or tested in preparation for any form of sport;
2. is being used for the purpose of driver instruction or tuition for reward or the conveyance of passengers for hire or reward (this includes taxi and car rental);
3. is being used as a police or emergency service vehicle; or
4. is being used for courier purposes.

Cancelling this policy

You may cancel this policy at any time by writing to *Your* local Swann branch to request cancellation of *Your* policy.

We will also require the financier's permission before *We* can cancel *Your* policy.

We may cancel this policy where *We* are legally allowed to do so. In the event of cancellation, *We* will retain an amount from the premium to cover the time the policy has been in force and *Our* cancellation fees. *We* will refund the balance to *You* or *Your* financier.

When this policy ends

This policy will automatically terminate and all benefits will cease on the earliest of:

1. the date on which the finance agreement is discharged or terminated;
2. the effective date of cancellation by *You* or *Us*;
3. the date on which a benefit under this policy is paid by *Us*; or
4. five years from the commencement date.

Swann's service commitment

Swann Insurance is proud of its service standards and supports The Fair Insurance Code. If *You* are not satisfied with:

- one of *Our* products;
- *Our* service;
- the service of *Our* agents, loss adjusters or investigators; or
- *Our* decision on *Your* claim,

please contact *Your* nearest Swann Insurance office where *Our* staff will help *You* in any way they can. If they are unable to satisfy *You*, they will refer *You* to *Our* manager who will immediately deal with the matter.

If *Our* manager cannot resolve the matter, it can be dealt with through *Our* Internal Dispute Resolution process. *You* need to ask *Our* manager to refer the matter to a Dispute Resolution Officer.

The Dispute Resolution Officer will investigate and try to reach a satisfactory outcome. *You* will be advised in writing of *Our* final decision, normally within 10 days. *Our* Dispute Resolution process is a free service to *You*.

If *You* do not agree with *Our* decision, *Your* complaint can be reviewed through the Insurance and Savings Ombudsman Office.

The Insurance and Savings Ombudsman Office is an independent disputes resolution body funded by the Insurance and Savings Ombudsman Commission to consider complaints against members within its jurisdiction. The Insurance and Savings Ombudsman's jurisdiction is set out in its terms of reference and it considers complaints about personal insurance policies and makes decisions binding upon member companies up to a maximum of \$200,000.

You do not have to pay to take a complaint to the Insurance and Savings Ombudsman Office.

We must abide by the Insurance and Savings Ombudsman's ruling, but *You* are permitted to reject the Insurance and Savings Ombudsman's ruling and take *Your* case to an alternative means of dispute resolution.