

consumer loan protection insurance policy

IMPORTANT INFORMATION

We bring to *You* notice matters *You* should know prior to entering into this contract.

Swann Insurance, as a business division of IAG New Zealand Limited is the insurer under this contract of insurance for the Involuntary Unemployment Benefit, Disablement Benefit and Cash Assist Benefit.

The Life Benefit provided under this contract of insurance is arranged and administered by Swann Insurance under a Group Policy with Directline International Ltd.

Duty of Disclosure

Before *You* enter into a contract of insurance with *Us*, *You* have a duty to disclose all material facts. A material fact is one which may influence *Us* in whether or not to insure *You*, and if so, at what terms and conditions.

The material facts *You* provide must be complete and accurate. This may include giving information that has not been asked for directly in the proposal form.

You have the same duty to disclose all material facts to *Us* before *You* renew, extend, vary or reinstate a contract of insurance and also when providing claims information.

If *You* do not disclose all material facts to *Us*, *We* may refuse to pay *Your* claim or even cancel *Your* insurance from the start.

If *You* are in doubt about which facts are considered material, then *You* should discuss these with *Us*. If facts are considered material *You* will be asked to put them in writing.

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.

Governing Law

This policy is governed by New Zealand Law and New Zealand Courts. Any settlement of claims will be made in New Zealand dollars.

Money Back Guarantee

If *You* request to cancel this policy in writing within 30 days after the Commencement Date, a full refund of premium will be paid.

OUR AGREEMENT

This Policy and the insurances provided by it is issued on the basis of information contained in the Proposal for Insurance completed *You* and is subject to:

1. *You* being between the ages of 16 and 59; and

2. *You* being engaged in full time permanent employment (not applicable to Life or CashAssist benefits) and not under any Notice of Dismissal when the Policy commences; and
3. the payment of the required premiums.

The Policy and Schedule form the complete Contract of Insurance.

Subject to the wording below, Benefits will be paid under the Policy to the Creditor shown in the Schedule, unless otherwise directed by the Creditor, except the CashAssist benefit that will be paid directly to *You*.

DEFINITIONS

Bankruptcy

The person Insured becomes bankrupt if they are:

- Self-employed and adjudged bankrupt by a court; or
- Employed by a company of which they have direct or indirect control and that company goes into liquidation or has a court order made for its winding up.

Cancer

means the first unequivocal diagnosis of any internal malignant tumour requiring treatment by surgery, radiotherapy, hormone therapy or chemotherapy. Included will be any malignant tumour considered to be too advanced or too serious for specific treatment to be warranted. Excluded are:

- Tumours treated by endoscopic procedures alone and tumours classed as carcinoma in situ and urinary bladder tumours that have not invaded the muscle layer.
- Tumours of the skin with the exception of malignant melanoma where there is evidence of spread to lymph nodes or distant tissues.
- Kaposi's Sarcoma and other tumours caused by AIDS.

Commencement Date

means the latest of the date; *You* signed the Proposal for Insurance, the date the Loan Obligation monies are advanced and the date *We* accepted *You* for insurance.

Coronary Artery Surgery

means coronary artery bypass grafting surgery performed via a thoracotomy.

"Date of Trauma"

means the date on which in our opinion the Trauma has been proved.

Disablement

means *Your* total and continuous inability to perform the duties of any gainful occupation and is so certified by a legally qualified *Medical Practitioner*.

Full-time Permanent Employment

means *You* are working on a permanent and continuous basis for wages or income a minimum of 20 hours every week and *You* are not in employment of a Seasonal, Casual, Temporary or Non-Renewable Contract nature.

Heart Attack

means a diagnosed acute myocardial infarction that has been documented by the occurrence of chest pain and electro cardiographic evidence and appropriate elevation in cardiac enzymes.

Loan Obligation Outstanding Balance

means the amount of principal (including outstanding residual or balloon payment) owing under the Loan Obligation.

Medical Practitioner

means a registered physician or surgeon practising medicine (other than *You* or members of *Your* immediate family) who is accepted by *Us*.

Monthly Benefit

means the Monthly Repayment (excluding any residual or any balloon payment) shown in the Schedule.

Redundancy

means being involuntarily terminated from full time permanent employment and commences the day after the effective termination date given to *You* in writing by *Your* employer. This also means *Your* termination was not due to voluntary unemployment, voluntary redundancy, reaching retirement or wilful misconduct.

Stroke

means any infarction of brain tissue due to a cerebro-vascular incident and which is associated with evidence of a neurological deficit that creates permanent functional impairment. It does not mean infarction of brain tissue as a result of bodily injury caused by violent accidental external and visible means.

Trauma

which means Heart Attack, Coronary Artery Surgery, Stroke or Cancer which occurs during the Period of Insurance.

We, Us and Our

means Swann Insurance a business division of IAG New Zealand Limited.

You and Your

means the insured person(s) named in the *Policy Schedule*.

WHAT IS PAYABLE

Life Insurance Benefit

In the event of *Your* death, *We* will pay the lesser of: (1) the amount sufficient to pay out the Loan Obligation Outstanding Balance at the date of death (less any Monthly Repayments overdue for more than two months); or (2) the Amount Financed shown in the Schedule or (3) \$100,000.

CashAssist Benefit

In the event of *You* suffering a Trauma, *We* will pay the greater of: (1) the Loan Obligation Outstanding Balance at the Date of Trauma (less any Monthly Repayments overdue for more than two months); or (2) \$1,000, subject to a maximum benefit of \$50,000.

No CashAssist benefit will be paid for a Trauma that occurs within 90 days after the Commencement Date.

No CashAssist benefit will be paid if death occurs within 14 days after the Date of Trauma.

EVENT OR CIRCUMSTANCE	BENEFIT			
	LIFE	CASHASSIST	DISABLEMENT	REDUNDANCY BANKRUPTCY
War or Warlike Activities	●	●	●	●
Human Immunodeficiency Virus, Acquired Immune Deficiency Syndrome or Sexually Transmissible Diseases.	●	●	●	●
Any illness, injury or condition present in the 6 months preceding the commencement Date.	●	●	●	●
An Intentionally Self-Inflicted Illness or Injury.		●	●	●
Any sickness sustained or manifested within 28 days of the Commencement Date.			●	●
Childbirth, Abortion or Pregnancy (including conditions accelerated or induced thereby).			●	●
Alcoholism, Drug Addiction or the Influence of Intoxicating Liquor or Drugs.			●	●
You not being in Full-time Permanent Employment or being under any Notice of Dismissal when either the Policy commenced or the Loan Obligation commenced.			●	●
Lockouts or taking part in Riots, Civil Commotion, Strikes.			●	●
Engaging in racing of any kind that relies on horses or motor powered vehicles including pacemaking, reliability trials, speed, hill-climbing or endurance tests and/or trials.			●	●
Earthquake, volcanism, tsunami, or other seismic event.			●	●
Engaging in a Criminal Act.			●	●
Cessation of work of a Seasonal, Casual, Temporary, Intermittent or Non-Renewable Contract nature.				●
Cessation of your Employment within 28 days of the Commencement Date.				●
You cannot provide proof of at least 14 days continuous employment prior to any period of Involuntary Unemployment.				●

Disablement Benefit

Where Disablement continues for more than 14 consecutive days, *We* will pay 1/30 of the *Monthly Benefit* for each day of the Disablement.

The most *We* will pay under this Policy is \$50,000 no matter how many times *You* become Disabled.

Redundancy

For each day of redundancy, excluding the first 28 days, *We* will pay 1/30 of the Monthly Benefit for up to 180 days but subject to a maximum benefit of \$6,000 for any claim.

Bankruptcy

We will pay three times the *Monthly Benefit* in a lump sum if *You* become bankrupt. *We* will not make any further payments for bankruptcy.

You will receive only 50% of the Benefit if joint cover exists.

Total Benefit

The most *We* will pay in aggregate of Life, Disablement and Involuntary Unemployment Benefits during the entire period of this Policy is \$100,000.

Unequal Repayments

If repayments under the Loan Obligation are not equal monthly amounts, the amount payable for each day of Disablement or Redundancy is the amount arrived at by dividing the total amount of repayments (excluding balloon payments and residuals) by the number of days comprising the term of the Loan Obligation.

WE WILL NOT PAY

- More than one Monthly benefit at any one time.
- More than one Life Insurance Benefit or more than one CashAssist Benefit.
- Any Benefit as a result of an event or circumstance listed as indicated by a "●" in the Table on page 2.

MAKING A CLAIM

- *You* must give *Us* written notice within 30 days of an event which may give rise to a claim.
- *We* will send *You* a claim form which *You* must, within 14 days of receipt, fully complete and return together with written statements, medical certificates and any other relevant evidence *We* may need.
- *We* have the right to make any reasonable enquiries in relation to a claim. *We* have the right to have *You* medically examined at our expense. In the case of Death, *We* have the right to have a post-mortem examination at our expense.

CERTAIN ADDITIONAL INFORMATION MUST BE SUPPLIED

- Death Claim**
Proof of death, age and identity and amount claimed.
- Disablement and CashAssist Claims**
Evidence from a Medical Practitioner of the Disablement or Trauma and evidence that *You* have obtained and are following the advice of the Medical Practitioner.
- Redundancy**
Evidence from the employer of *Your* job loss and evidence that *You* are registered with Work and Income NZ.
- Bankruptcy**
Evidence from the Liquidators, Receivers or Courts that the Company *You* have indirect or direct control over has gone into liquidation and or copies of the court order issued for the winding up of the Company.

CLAIM RECOVERY

If for any reason *We* pay Benefits to which *You* or the Creditor are not entitled, *We* shall have a right to recover those Benefits from *You* or the Creditor.

OTHER INSURANCE

If *You* have other similar insurance with *Us*, and in aggregate the total amount payable on Death or Disablement would but for this clause exceed \$100,000, the amount of excess will be void and all premiums for the excess will be refunded.

CANCELLING A POLICY

You may cancel this Policy at any time by giving *Us* written notice. Cancellation shall take effect from the date *We* receive *Your* notice.

We may cancel this Policy on any grounds not prohibited by law by giving *You* written notice.

In the event of early termination of this Policy, *We* will rebate *Your* premium in accordance with relevant legislation. *We* will not refund any premium where a Life Insurance Benefit has been paid or where the Total Benefit has been paid and *We* will not refund any CashAssist premium if a CashAssist Benefit has been paid.

WHEN INSURANCE STOPS

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

- (i) The expiry date of the Period of Insurance; or
- (ii) The date on which the Loan Obligation is assigned, discharged, refinanced or terminated; or
- (iii) The occurrence of a default under the Loan Obligation where the Creditor has taken steps to enforce its rights arising from the default; or
- (iv) The effective date of cancellation by *You* or *Us*; or
- (v) The date *You* are no longer a resident of New Zealand (unless otherwise agreed to in writing by *Us*); or
- (vi) The date *You* attain *Your* 65th birthday; or
- (vii) The date a Life Insurance Benefit is paid; or
- (viii) The seventh anniversary of the Commencement Date of the Policy.

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.