



Motor Equity Insurance

Policy Document
(Product Disclosure Statement)



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About this Insurance

Introduction

Thank you for choosing Motor Equity Insurance.

Motor Equity Insurance provides you cover in case your vehicle becomes a total loss. You can choose different levels of cover to pay the difference between the loan settlement amount and the total loss payment.

This Motor Equity Insurance policy is underwritten by Allianz, one of the largest general insurers in Australia. Allianz is a member of the Global Allianz Group, which operates in more than 70 countries, providing protection to more than 75 million customers worldwide.

Our Product Disclosure Statement

This policy document is also a Product Disclosure Statement (PDS). A PDS is a document required by the Corporations Act and contains information designed to help you decide whether to buy the policy.

Understanding your policy and its important terms and conditions

To properly understand this policy's significant features, benefits and risks you need to carefully read:

- about the available type of cover and benefits in the relevant sections, including any endorsements (remember certain words have special meanings – see “Words with special meanings”);
- “When we will not pay your claim” section (this restricts the cover and benefits);
- “General conditions” and “Making a claim” sections (these set out certain obligations that you and we have. If you do not meet them we may be able to refuse to pay a claim); and

- “Other information” section (this contains important information on your duty of disclosure, our privacy policy and our dispute resolution process).

When you apply for the policy by completing our application we agree with you on things such as: the period of insurance; your premium; the vehicle the cover applies to; the limits you want for certain covers (if optional) and whether any standard terms need to be varied (this may be by way of an endorsement). These details are recorded in the schedule we issue to you. When you enter into the policy you confirm and warrant that you have read the policy documents provided to you.

The base premium we charge you is based on your risk profile (e.g. the level of cover you choose). You will also have to pay any compulsory government charges (e.g. Stamp Duty and GST where applicable) plus any additional charges we tell you of. We tell you the total amount payable when you apply and if you effect cover, the amounts due will be confirmed in your schedule.

You need to ensure the limits and level of cover are appropriate for you. If they are not, you may be underinsured and have to bear part of the loss yourself.

You should also read the GST notice in the “General conditions” to understand how GST is applied to a claim.

If you have any queries, want further information about the policy or want to confirm a transaction, please use the contact details on the back cover.

Cooling off period and cancellation rights

You have a cooling off period of fourteen (14) days from the date you purchased your policy. During this period you may cancel your policy and receive a refund of your premium unless:

- a. you have made a claim; or
- b. the period of insurance has ended.

We may deduct from your refund amount any reasonable administrative and transaction costs incurred by us that are reasonably related to you buying and cancelling your policy and any government taxes or duties we cannot recover.

After the cooling off period has ended you still have cancellation rights (refer to “General conditions”, “Cancellation rights under your policy” on page 14, for full details).

Updating the PDS

Information in the PDS may need to be updated from time to time. You can obtain a paper copy of any updated information without charge by calling us on the contact details provided on the back cover of this policy document. If the update is to correct a misleading or deceptive statement or an omission, that is materially adverse from the point of view of a reasonable person deciding whether to acquire this policy, we will provide you with a new PDS or a supplementary PDS.

Who is the insurer?

The insurer is Allianz Australia Insurance Limited
AFS Licence No. 234708 ABN 15 000 122 850 of
2 Market Street, Sydney, NSW, 2000.

What is Motor Equity Insurance?

Purpose of Motor Equity Insurance

Motor Equity Insurance is designed to:

- pay your financier any outstanding balance on your loan contract (up to the policy limit excluding certain amounts such as arrears) where the total loss payment made by the insurer of your comprehensive motor vehicle insurance is insufficient to pay out your loan contract; and

- In addition to the above we will pay the relevant “extra cover” amount to you in order to compensate for any inconvenience suffered, arising from the total loss claim under your comprehensive motor vehicle insurance, up to the relevant limits specified.

Not everything is covered

Not everything is covered by Motor Equity Insurance. The above is only a summary and there are limitations. It is important that you carefully read your policy to understand the extent of cover and its limitations.

Eligibility

This insurance is only available at the date of purchase of your motor vehicle and cover will only be provided on the basis that you have:

- a loan contract on your vehicle; and
- comprehensive motor vehicle insurance on your vehicle effective from the date of purchase of your vehicle.

Your Policy

Your policy consists of:

- this printed Motor Equity Insurance policy document which sets out details of your cover and its limitations,
- the Motor Equity Insurance schedule approved by us which sets out who is insured, the cover(s) selected, the period of insurance, the limits of liability, details of the loan contract and other important information. This is referred to as the schedule in the policy document, and
- any other changes to the standard terms of the policy otherwise notified and agreed by us in writing (e.g. by way of an endorsement or supplementary PDS).

These changes may vary or modify the above documents.

You should carefully read and retain your policy document and your schedule. These documents should be read together as they jointly form the contract of insurance between you and us. Any new or replacement schedule we may send you, detailing changes to your insurance or the period of insurance will become the schedule, which you should carefully read and retain.

Our agreement with you

We will insure you for the cover(s) selected by you for the period of insurance shown in the schedule on the basis:

- that you have paid, or agreed to pay us the premium for the cover(s) you have selected in your proposal and which the schedule indicates are in force;
- of the information provided by you in this Motor Equity Insurance document which draws your attention to your Duty of Disclosure. If you failed

to comply with your Duty of Disclosure, we may be entitled to reduce our liability under the policy in respect of a claim or we may cancel your policy. If you have told us something which is fraudulent, we have the option of cancelling your policy from the effective date stated in the schedule.

For your assistance we have provided a full explanation of your Duty of Disclosure and the consequences of non-disclosure, under the heading “Your Duty of Disclosure”, on page 19.

Words with special meanings

Some of the words in your policy have special meanings wherever they appear. These words and their meanings are defined below.

“agreed value” means the amount which you and your comprehensive motor vehicle insurer agree to insure your vehicle for.

“comprehensive motor vehicle insurance” means the comprehensive motor vehicle insurance which provides accidental loss or damage and third party property damage cover for your vehicle.

“extra cover” means a payment of the amount of extra cover you have selected, as shown in your schedule, to compensate you for inconvenience suffered.

“loan contract” means the finance arrangement for your vehicle listed in your schedule.

“loan settlement amount” means the amount owing under the loan contract for your vehicle at the time you make your claim under your policy.

“market value” means the cost determined by your comprehensive motor vehicle insurer to replace your vehicle with a vehicle of the same make, model, age and condition as your vehicle immediately prior to the loss or damage.

“total loss payment” means either the market value or agreed value paid by your comprehensive motor vehicle insurer in the event of a total loss claim.

“we”, “our” or “us” means Allianz Australia Insurance Limited AFS Licence No. 234708 ABN 15 000 122 850 of 2 Market Street, Sydney, NSW, 2000.

“your financier” means the financier listed in your schedule.

“your vehicle” means the motor vehicle shown in your schedule:

- which is registered, or is capable of registration, for use on public roads;
- including its standard tools, modifications and accessories as supplied by the manufacturer;
- its fitted or non-standard extras, modifications and accessories which you have listed as covered on your comprehensive motor vehicle insurance schedule; and
- which is not a motorcycle, courier vehicle, taxi, or any other vehicle used for transporting persons or goods for reward.

“you”, “your” or “yours” means the insured named in the schedule.

What we will pay

1. Loan settlement

If your comprehensive motor vehicle insurer makes a total loss payment in respect of your vehicle and the event causing the loss occurred during the period of insurance, we will pay to the financier any outstanding difference between:

- the loan settlement amount; and
- the market value or agreed value of your vehicle (whichever is applicable), as determined by your comprehensive motor vehicle insurer,

up to the maximum amount specified for the Option listed on the schedule. You can choose from the following options:

- Option A: \$15,000
- Option B: \$15,000
- Option C: \$25,000
- Option D: \$40,000

We will not pay:

- a. for any excess paid by you under your comprehensive motor vehicle insurance;
- b. for any outstanding premium payments applicable to your comprehensive motor vehicle insurance policy;
- c. your ITC (Input Tax Credit) entitlement;
- d. for the amount of the damaged vehicle where you retain the vehicle;
- e. for payments made by your comprehensive motor vehicle insurer for loss and/or damage resulting as a consequence of the total loss of your vehicle;

- f. any early termination fees applicable to the loan contract;
- g. any arrears due or refundable or rateable amounts included in the loan contract; or
- h. any additional costs arising from a variation of the loan contract after this policy was entered into.

2. Extra cover

If your comprehensive motor vehicle insurer makes a total loss payment in respect of your vehicle and the event causing the loss occurred during the period of insurance of this policy, we will also pay you the extra cover applicable under the option selected by you and shown on your schedule, even where your total loss payment is equal to or higher than the loan settlement amount.

The maximum aggregate extra cover amount we will pay for your chosen option is:

- Option A: Nil
- Option B: \$3,000
- Option C: \$5,000
- Option D: \$6,000

We will not make any payment under this benefit if your comprehensive motor insurer replaces your vehicle with a brand new car.

When we will not pay your claim

We will not pay any claim arising directly or indirectly out of or in any way connected with:

1. any amount that has become due and payable under the loan contract and which has not been paid by its due date for payment.
2. any additional costs arising from a variation in the loan contract after this policy is entered into.
3. any loss where you have not received a total loss payment under your comprehensive motor vehicle insurance covering your vehicle.
4. any loss where you have not provided us with a copy of the release you signed to obtain your total loss payment, which the insurer of your comprehensive motor vehicle insurance required you to sign in order to receive the payment, and which releases the insurer from any further payment under your comprehensive motor vehicle insurance.

General conditions

1. Replacement Vehicle cover

If a financed vehicle is a total loss and the comprehensive insurance policy that the vehicle is insured under replaces the vehicle with a brand new car, with the approval of the finance company, the finance contract may also be transferred directly to the new Replacement Vehicle with no other changes to the finance contract.

When this occurs we may cover the Replacement Vehicle under your policy, provided the following conditions have been met.

1. there must not have been any claim lodged or any amount paid out under your policy, including Extra cover that may be claimed, and
2. the financier must agree to the change to the Replacement Vehicle without any alteration to the existing terms and conditions of the finance contract, with the exception of vehicle year, make and model, your vehicle's registration, VIN and engine numbers. All other factors of the finance contract must remain the same.

We cannot endorse a Replacement Vehicle onto an existing policy if any of the following have occurred:

1. the Comprehensive insurance has cash settled the claim, or
2. any claim has been lodged or amount has been paid out under your policy, or
3. where the financier does not agree to the change of vehicle and requires a new finance contract to be effected, or there are other changes to the finance contract other than the vehicle details (i.e. change of payout amount or payout date).

In these instances, your policy will be cancelled and, provided we have not paid out any amounts with respect to any claim under any section of your policy, any unused premium will be refunded on a pro-rata basis, less any applicable administrative costs, cancellation fees and any government taxes or duties we cannot recover.

2. Geographic limits

Cover is only provided under your policy whilst your vehicle is:

- in Australia;
- temporarily removed to New Zealand; or
- in transit by road, rail, air or sea within Australia or between Australia and New Zealand.

3. Cancellation rights under your policy

- a. In addition to your cooling off rights, you may cancel the policy or any part of the policy at any time by notifying us in writing. If the policy has been issued to more than one person each person must sign the notice.
- b. We have the right to cancel this policy where permitted by law. For example, we can cancel:
 - if you have failed to comply with your duty of disclosure, or
 - where you have made a misrepresentation to us during negotiations prior to the issue of this policy, or
 - where you have failed to comply with a provision of your policy, including the term relating to payment of premium, or
 - where you have made a fraudulent claim under your policy or under some other contract of insurance that provides cover during the same period of time that our policy covers you,

and we may do so by giving you three business days notice in writing of the date from which the policy will be cancelled. The notification may be delivered personally or posted to you at the address last notified to us.

- c. If you or we cancel the policy we may deduct a pro rata proportion of the premium for time on risk, reasonable administrative costs related to the acquisition and termination of the policy and any government taxes or duties we cannot recover.

4. When the policy ends

Your policy ends at the earliest of the following:

- a. the expiry date shown on the schedule;
- b. on cancellation of your policy;
- c. from the time your loan contract is paid out or terminated;
- d. on the date your comprehensive motor vehicle insurance lapses or is cancelled (except when your vehicle has been replaced with a new vehicle and Motor Equity Insurance cover is accepted as outlined in “Replacement Vehicle cover” on page 13);
- e. from the time your ownership of your vehicle ends (except when your vehicle has been replaced with a new vehicle and Motor Equity Insurance cover is accepted as outlined in “Replacement Vehicle cover” on page 13); or
- f. on payment of a claim under your policy.

5. GST notice

This policy has a GST provision in relation to premium and our payment to you for claims. It may have an impact on how you determine the amount of insurance you need. Please read it carefully. Seek professional advice if you have any queries about GST and your insurance.

Sums insured

All monetary limits in this policy may be increased for GST in some circumstances (see below).

Claim settlements – Where we agree to pay

When we calculate the amount we will pay you, we will have regard to the items below:

- Where you are liable to pay an amount for GST in respect of an acquisition relevant to your claim (such as services to repair a damaged item insured under the policy) we will pay for the GST amount.

We will pay the GST amount in addition to the sum insured/limit of indemnity or other limits shown in the policy or in this schedule.

If your sum insured/limit of indemnity is not sufficient to cover your loss, we will only pay the GST amount that relates to our payment in settlement of your claim.

We will reduce the GST amount we pay for by the amount of any input tax credits to which you are or would be entitled.

- Where we make a payment under your policy as compensation instead of payment for a relevant acquisition, we will reduce the amount of the payment by the amount of any input tax credit that you would have been entitled to had the payment been applied to a relevant acquisition.
- Where your policy insures business interruption, we will (where relevant) pay you on your claim by reference to the GST exclusive amount of any supply made by your business that is relevant to your claim.

Disclosure – Input tax credit entitlement

If you register or are registered for GST, you are required to tell us your entitlement to an input tax credit on your premium. If you fail to disclose or understate your entitlement, you may be liable for GST on a claim we may pay. This policy does not cover you for this GST liability, or for any fine, penalty or charge for which you may be liable.

Making a claim

What you must do

We may not pay your claim if you do not act as follows:

1. Contact us as soon as possible

You must tell us of your claim as soon as possible by contacting our Customer Service Centre using the contact details on the back cover.

2. Complete a claim form

You must obtain a claim form, complete it and return it to us promptly.

3. Assist us with your claim

You must give us all the information and assistance with your claim which we may reasonably require. If we have the right to recover any amount payable under this policy from any other person, you must co-operate with us in any action we may take. We may appoint a loss adjuster to help settle your claim.

4. Copy release

You must forward a copy of the release you forwarded the insurer of your comprehensive motor vehicle insurance in order to receive your total loss payment.

Other information

Your Duty of Disclosure

Before you enter into an insurance contract with us, the Insurance Contracts Act 1984 requires you to provide us with the information we need to enable us to decide whether and on what terms your application for insurance is acceptable and to calculate how much premium is required for your insurance.

We set out this duty below.

Your Duty of Disclosure when you enter into this policy with us for the first time

You will be asked various questions when you apply for this policy. When you answer these questions, you must:

- give us honest and complete answers;
- tell us everything that you know; and
- tell us everything that a reasonable person in the circumstances could be expected to know is relevant to our decision whether to insure you and whether any special conditions need to apply to your policy.

This duty applies when you extend or vary the policy.

What don't you need to tell us?

You do not need to tell us about any matter:

- that diminishes our risk;
- that is of common knowledge;
- that we know or should know as an insurer; or
- that we tell you we do not need to know.

Who must tell us?

Everyone who is insured under the policy must comply with the relevant duty.

What happens if you or they do not comply with this duty?

If you or they do not answer the questions in this way, we may cancel the policy or reduce the amount we pay if you make a claim. If fraud is involved, we may treat the policy as if it never existed, and pay nothing.

Privacy Act 1988 – Information

We collect your personal information directly from you where reasonably practicable or if not, from other sources. We collect it to provide our various services and products (e.g. to market, arrange and administer insurance and to handle and settle claims) and to conduct market or customer research. We also use it to develop and identify services of our related companies and alliance partners that may interest you (but you can opt out of this by calling the Allianz Direct Marketing Privacy Service Line on 13 2664 EST 8am-6pm, Monday to Friday or indicate your decision in the appropriate area of the Privacy section of our website at www.allianz.com.au). If you do not provide the information we require we may not be able to provide you with this service.

We disclose information to third parties who assist us in the above (e.g. insurers, insurance intermediaries, insurance reference bureaus, related companies, our advisers, persons involved in claims, external claims data collectors and verifiers, your agents and other persons where required by law). We also provide this information to financiers and motor vehicle manufacturers if we have a relationship or insurance scheme in place with them under which you purchased your policy. We prohibit them from using it for purposes other than those we supplied it for. Where you provide us with information about another person for the above purposes, you must tell us if you haven't got their consent to this. If you wish to gain access to your

personal information (including to correct or update it), have a complaint about a breach of your privacy or you have any query on how your personal information is collected or used, or any other query relating to Privacy, contact us on 13 2664 EST 8am-6pm, Monday to Friday.

General Insurance Code of Practice – providing you with even better service

The General Insurance Code of Practice was developed by the Insurance Council of Australia Limited to further raise standards of practice and service across the insurance industry.

We keenly support the standards set out in the Code.

You can obtain more information on the Code of Practice and how it assists you by contacting us. Contact details are provided on the back cover of this policy.

Dispute resolution process – helping you solve any problems

We have a free internal complaints resolution process that can be accessed by contacting us on 13 2664 EST 8am-6pm, Monday to Friday or by using the details on the back cover. A dispute can be referred to the Financial Ombudsman Service (FOS) subject to its terms of reference. It provides a free and independent dispute resolution service for consumers who have general insurance disputes falling within its terms and its contact details are:

The Financial Ombudsman Service

Phone: 1300 78 08 08

Post: GPO Box 3, Melbourne, Victoria 3001

Website: www.fos.org.au

If this insurance has been issued through an insurance intermediary

If your policy has been issued through our agent, or a broker who is acting under an agency arrangement such as a binder with us, then they are acting as our agent and not as your agent.

Where this policy has been arranged through an intermediary a commission is payable by us to them for arranging the insurance.

Financial Claims Scheme

In the unlikely event Allianz Australia Insurance Limited were to become insolvent and could not meet its obligations under this Policy, a person entitled to claim may be entitled to payment under the Financial Claims Scheme. Access to the Scheme is subject to eligibility criteria and for more information see APRA website at <http://www.apra.gov.au> and the APRA hotline on 1300 55 88 49.

Phoning for assistance and confirmation of cover

If you need to confirm any policy transaction or clarify any of the information contained in this policy document or if you have any other queries, please use the contact details on the back cover.

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This insurance is issued by Allianz Australia Insurance Limited, AFS Licence No. 234708 ABN 15 000 122 850 (Allianz). In arranging this insurance Alphaera Financial Services, a division of BMW Australia Finance Limited ABN 78 007 101 715 and authorised dealers act as agents of Allianz and not as your agent.

If you need help, ask your Alphaera Dealer,
or ring our Alphaera Insurance Customer
Contact Centre on 1300 80 80 50.

Supplementary Product Disclosure Statement (“SPDS”)

Changes to your duty of disclosure

Preparation Date: 18/10/2014

This document is an SPDS that updates and amends the Product Disclosure Statements (“PDSs”) for the following products underwritten by Allianz Australia Insurance Limited ABN 15 000 122 850 AFS Licence No. 234708 of 2 Market Street Sydney NSW 2000 (Allianz):

- Motor Equity, Motorcycle Equity and Asset Equity Insurance
- Novated Lease Protection Insurance
- Purchase Price Insurance
- Tyre & Rim Insurance

This SPDS is issued by Allianz and must be read together with the relevant PDS and any other SPDS that you are given which updates or amends that PDS.

The “Duty of Disclosure” section is deleted and replaced as follows:

Your Duty of Disclosure

Before you enter into this insurance with us, you have a duty of disclosure under the Insurance Contracts Act 1984.

The Act imposes a different duty the first time you enter into a contract of insurance with us to that which applies when you vary, extend, reinstate or replace the contract.

This duty of disclosure applies until the contract is entered into (or varied, extended or reinstated as applicable).

Your Duty of Disclosure when you enter into the contract with us for the first time

When answering our specific questions that are relevant to our decision whether to accept the risk of the insurance and, if so, on what terms, you must be honest and disclose to us anything that you know and that a reasonable person in the circumstances would include in answer to the questions.

It is important that you understand you are answering our questions in this way for yourself and anyone else that you want to be covered by the contract.

Your Duty of Disclosure when you vary, extend, reinstate or replace the contract

When you vary, extend, reinstate or replace the contract with us, your duty is to disclose to us every matter that you know, or could reasonably be expected to know, is relevant to our decision whether to accept the risk of the insurance and, if so, on what terms.

What you do not need to tell us

Your duty however does not require disclosure of any matter:

- that diminishes the risk to be undertaken by us; or
- that is of common knowledge; or
- that we know or, in the ordinary course of our business as an insurer, ought to know; or
- as to which compliance with your duty is waived by us.

Non-disclosure

If you fail to comply with your duty of disclosure, we may be entitled to reduce our liability under the contract in respect of a claim, cancel the contract or both.

If your non-disclosure is fraudulent, we may also have the option of avoiding the contract from its beginning.