

YOUR

**PRODUCT DISCLOSURE STATEMENT
AND INSURANCE POLICY**



In arranging this insurance Summerland Credit Union Limited ABN 23 087 650 806 AFSL 239238 is acting pursuant to an agreement with the Insurer¹.

¹Insurer details - see inside back cover.

Auto Equity

Auto Equity Insurance

Product Disclosure Statement
and Policy

Preparation date: 12/03/2014

This Product Disclosure Statement (PDS) has been designed to help *You* get the most out of *Your policy*.

Use the contents page to help *You* find what *You* are looking for. Important tasks such as taking out insurance or making a claim are explained in easy to follow steps. *We* have included a glossary of words with a special meaning. These words will be shown in italics in this PDS.

When *You* take out an insurance policy with *Us*, the cover *We* agree to provide *You* is set out in *Your* current schedule, and described in this PDS, as well as any Supplementary PDS *We* may issue. Together, they make up the terms and conditions of *Your* insurance contract with *Us*. Read them carefully and store them together in a safe place.

Information in this PDS may need to be updated from time to time where required and permitted by law. *You* can obtain a paper copy of any updated information without charge by calling *Us* on the contact details provided in this 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 the Policy, *We* will provide *You* with a new PDS or a Supplementary PDS.

If *You* need more information about this PDS, please contact *Us* or *Your* insurance adviser.

Contents

About This Insurance	1
Before you apply for insurance	1
Who is the insurer	1
What This Policy Covers	1
What you are insured for	1
Cover options	2
Maximum payout	2
Out of pocket cash benefit	3
Exclusions To Your Cover	4
When Your Policy Will End	5
Your Responsibilities To Us	6
Your duty of disclosure	6
Your responsibilities when you are making a claim	9
If you do not meet your responsibilities	9
Our Commitment To You	10
The General Insurance Code of Practice	10
Our guarantee	11
Financial claims scheme	11
Intermediary remuneration	11
How CGU protects your privacy	12
How To Take Out Insurance	13
How to apply for insurance	13
How to cancel your policy	13
Cancellation by us	14
How to change your policy	14
Your premium	14

How To Make A Claim	16
Claim recovery	16
How to resolve a complaint or dispute	17
Glossary	18
Contact Us	Back

About This Insurance

Before you apply for insurance

You are not obliged to purchase this insurance and insurance can be arranged through a different insurance company.

Auto Equity Insurance provides cover for *You* should *Your motor vehicle* be involved in a *total loss* incident, be comprehensively insured and have a gap between the insurance payment and *Your motor vehicle* loan.

Auto Equity Insurance has two options of cover which has two differing levels of *Out of pocket cash benefit*. The amount paid on a claim is subject to the benefit limits set out in this PDS.

Who is the insurer

CGU Insurance Limited is the *insurer* and issuer
ABN 27 004 478 371 AFS Licence No. 238291.
In this PDS the *insurer* is called 'We', 'Us', or 'Our'.

What This Policy Covers

What you are insured for

Provided *You* have paid the *premium* and *We* have accepted *Your* application, *We* agree to insure *You* from the *commencement date* and during the *period of insurance* for the type of cover selected and stated on the *policy schedule*, subject to the terms, conditions and limits of this PDS.

In the event of a *total loss payout* under *Your comprehensive motor insurance policy*, and payment of the amount of the *total loss payout* being made to the *creditor*, *We* will pay the *creditor* the *remaining balance due* (subject to the option limit *You* select) under *Your* loan obligation.

In calculating the amount *We* pay to the *creditor*, the following amounts will not be included:

- Any arrears or deferred payments under the loan obligation
- Penalty payments for early discharge or additional interest payments under the loan obligation
- Any monies rebateable under contracts financed within the loan obligation
- The amount of any increased liability where there has been a variation to *Your* loan obligation which has not been notified to *Us* and confirmed by *Us* as being covered by this insurance
- Any outstanding *premium* due under your *comprehensive motor insurance policy*.

Cover options

When *You* take out an Auto Equity Insurance Policy *You* have the option to select one of the following cover options:

Option	<i>Maximum payout</i>	<i>Out of pocket cash benefit</i>
1	\$10,000	\$3,500
2	\$15,000	\$5,000

Maximum payout

In the event of a *total loss* and provided *Your comprehensive motor insurer* has accepted *Your* claim *We* will pay *Your creditor* the difference between the insurance payment and *Your motor vehicle* loan, subject to the *Maximum payout* limit under the option *You* have selected.

Claim payment example

If *You* borrowed \$35,000 to purchase a *motor vehicle* and an accident occurs where *Your* vehicle is determined to be a *total loss* by *Your comprehensive motor insurer* and the payout is \$16,000, if *You* still owe \$29,000 *We* will pay the gap up to the *Maximum payout* amount, to *Your creditor*.

If *You* have selected option one, \$10,000 will be paid, if *You* have selected option two, \$13,000 will be paid.

Out of pocket cash benefit

In the event of a *total loss* and provided *Your comprehensive motor insurer* has accepted *Your claim* *We* will pay *You* an *Out of pocket cash benefit* for the *cover option* *You* selected as follows:

- Option 1, \$3,500
- Option 2, \$5,000.

The *Out of pocket cash benefit* will be paid by *Us* direct to *You* upon *Our* receipt from *You* of any of the following which *We* may require:

- the relevant receipts and/or invoices relating to the *Out of pocket cash benefit*; **and/or**
- *Your* confirmation or declaration that the *Out of pocket cash benefit* will not be used in any way which relates to any property mortgaged to the *creditor*.

Claim payment example

If *You* purchased another vehicle as *Your* current one was a *total loss* and *You* paid \$1800 for *Your* new insurance policy, \$700 for registration, \$800 for a hire car and \$1,000 for delivery charges *We* will reimburse *You* \$3,500 under option 1 and \$4,300 under option 2.

Exclusions To Your Cover

Any cover We provide is subject to the following exclusions.

We will not provide any cover under this policy if any of the following occurs:

- *Your comprehensive motor insurer* does not pay out the full *market value* (on a *market value* insurance policy) or the full *agreed value* (on an *agreed value* insurance policy) following a *total loss* for any reason whatsoever
- *You* have any incident that does not occur within *Your period of insurance*
- *war or warlike activity*, however - *war* does not need to be declared
- hostilities, rebellion, insurrection or revolution
- contamination by chemical and/or biological agents, which results from an act of *terrorism*
- lawful destruction or confiscation of *Your motor vehicle*
- anything nuclear or radioactive
- deliberate or intentional acts by *You*, or anyone acting for *You*, cause loss or damage to *Your motor vehicle*.

When Your Policy Will End

Your cover will end at the earliest of:

- the expiry date of the *period of insurance*, **or**
- the 7th anniversary of the *commencement date*, **or**
- the date *Your motor vehicle* is no longer comprehensively insured, **or**
- the date on which the credit facility or loan obligation is paid out, cancelled, discharged, refinanced, foreclosed or terminated, **or**
- the date *We* give *You* notice cancelling this insurance in accordance with relevant legislation, **or**
- the date *You* request in writing to cancel *Your* cover, **or**
- the date a claim benefit is paid under this policy, **or**
- the date *You* are no longer the registered owner of the *motor vehicle*, **or**
- the date *You* cease to be an Australian Permanent resident, **or**
- the date on which *You* have resided outside Australia for a continuous period exceeding 6 months (unless *You* obtain *Our* prior written consent).

Your Responsibilities To Us

Your duty of disclosure

When *You* take out, change or vary a policy *You* have a duty to answer *Our* questions truthfully and provide *Us* with any information that could affect *Our* decision to insure *You*, or the terms of *Your* policy. This is called *Your* 'duty of disclosure'.

What you must tell us when you apply to take out this policy

When applying to take out insurance *We* will ask *You* certain questions. When answering these questions, *You* must be honest, and *You* have a duty under the Insurance Contracts Act 1984 to tell *Us* anything:

- known to *You*, **and**
- which a reasonable person in the circumstances would include in answer to any question.

We will use *Your* answers to help *Us* decide whether to insure *You* and anyone else under this policy, and on what terms.

Who you are answering the questions for

It is important that *You* understand *You* are answering the questions in this way on behalf of yourself and anyone else that *You* want to be covered by the policy.

If you do not answer our questions in this way

If *You* do not answer *Our* questions in this way, *We* may reduce or refuse to pay a claim, or cancel the policy, or do both. If *You* answer *Our* questions fraudulently, *We* may refuse to pay a claim and treat the policy as never being in place.

Variation, reinstatement or extension of your policy

When *Your policy* is varied, reinstated or extended *You* have a duty, under the Insurance Contracts Act 1984, to tell *Us* anything that *You*:

- know, **or**
- could reasonably be expected to know, **and**
- is relevant to *Our* decision whether to accept the risk of insurance and, if so, on what terms.

Your duty does not require disclosure of anything that

- diminishes the risk to be undertaken by *Us*
- is of common knowledge
- *We* know or, in the ordinary course of business, ought to know, **or**
- is a matter that *We* indicate *Your* duty has been waived by *Us*.

If you do not comply with your duty of disclosure

If *You* fail 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 the policy, or do both.

If *Your* non-disclosure is fraudulent, *We* may also have the option of avoiding the contract from its beginning.

In addition to *Your* duty of disclosure, there are other responsibilities that *You* must meet when *You* are insured with *Us*.

***You* must tell *Us* if:**

- *You* change *Your* name or address
- *You* intend to vary the *loan contract* in any way
- *Your* vehicle is no longer comprehensively insured
- *You* are no longer the registered owner of the *motor vehicle*
- *You* are no longer an Australian Permanent resident
- *You* plan to live outside Australia for more than 6 months.

When *You* tell *Us* any of the above, *We* may need to alter *Your policy*, recalculate *Your premium*, impose *special conditions* or cancel *Your policy*.

In addition, *You* must also:

- be truthful and frank in any statement *You* make in connection with *Your policy*
- pay *Your premium*, including paying instalments regularly
- take reasonable precautions to avoid a claim being made
- obey all laws and make sure anyone acting on *Your* behalf obeys all laws
- follow the conditions of this policy
- not make a fraudulent claim under this insurance policy or any other policy.

Your responsibilities when you are making a claim

When *You* make a claim *You* must meet a number of responsibilities.

***You* must:**

- be truthful and frank in any statement *You* make in connection with a claim
- take safe and reasonable steps to prevent any further loss, damage or liability occurring
- give *Us* any information or assistance *We* require to investigate and process *Your* claim.

In addition, *You* also give *Us* *Your* rights to claim from anyone else

- If *You* have a right to claim from anyone else for an event covered by *Us*, *You* give *Us* *Your* rights to make that claim, to conduct, defend or settle any legal action and to act in *Your* name – *You* must not do anything which prevents *Us* from doing this and *You* must give *Us* all the information and cooperation that *We* require.

If you do not meet your responsibilities

If *You* do not meet *Your* responsibilities, *We* may refuse or reduce a claim, cancel *Your policy*, or do both. If *We* cancel *Your policy* *We* will advise *You* in writing.

Our Commitment To You

The General Insurance Code of Practice

The purpose of the Code is to raise the standards of practice and service in the general insurance industry.

The objectives of the Code are:

- to promote better, more informed relations between insurers and their customers
- to improve consumer confidence in the general insurance industry
- to provide better mechanisms for the resolution of complaints and disputes between insurers and their customers, **and**
- to commit insurers and the professionals they rely upon to higher standards of customer service.

Our commitment to you

We have adopted and support the Code and are committed to complying with it.

Please contact *Us* if *You* would like more information about the Code.

Our guarantee

Our guarantee assures You of quality insurance and service at all times.

Fair dealing guarantee

We will meet any claims covered by Your policy fairly and promptly.

Money back guarantee

If You change Your mind, We provide a cooling-off period which lets You cancel Your policy within 28 days of the commencement date of Your policy with a full refund of Your premium. However, Your cooling-off period no longer applies if You make a claim within this time.

Service guarantee

We will provide You with the highest standard of service.

Financial claims scheme

You may be entitled to payment under the financial claims scheme in the event that CGU Insurance Ltd becomes insolvent. Access to the scheme is subject to eligibility criteria. Information about the scheme can be obtained from the Australian Prudential Regulation Authority (APRA) website at <http://www.apra.gov.au> and the APRA hotline on 1300 55 88 49.

Intermediary remuneration

CGU Insurance Limited pays remuneration to insurance Intermediaries when We issue, renew or vary a policy the Intermediary has arranged or referred to Us. The type and amount of remuneration varies and may include commission and other payments. If You require more information about remuneration We may pay Your Intermediary, You should ask Your Intermediary.

How CGU protects your privacy

We use information provided by *our* customers to allow *us* to offer *our* products and services. This means we may need to collect *your* personal information, and sometimes sensitive information about *you* as well (for example, health information for travel insurance). We will collect this information directly from *you* where possible, but there may be occasions when we collect this information from someone else.

CGU will only use *your* information for the purposes for which it was collected, other related purposes and as permitted or required by law. *You* may choose not to give *us* *your* information, but this may affect *our* ability to provide *you* with insurance cover.

We may share this information with companies within *our* group, government and law enforcement bodies if required by law and others who provide services to *us* or on *our* behalf, some of which may be located outside of Australia.

For more details on how we collect, store, use and disclose *your* information, please read *our* Privacy Policy located at www.cgu.com.au/privacy. Alternatively, contact *us* at privacy@cgu.com.au or 13 15 32 and we will send *you* a copy. We recommend that *you* obtain a copy of this policy and read it carefully.

By applying for, using or renewing any of *our* products or services, or providing *us* with *your* information, *you* agree to this information being collected, held, used and disclosed as set out in this policy.

Our Privacy Policy also contains information about how *you* can access and seek correction of *your* information, complain about a breach of the privacy law, and how we will deal with *your* complaint.

How To Take Out Insurance

How to apply for insurance

1. **Provide the required information to Us of Your Intermediary to apply for cover. If We accept Your application for insurance, We will send You a policy schedule that confirms cover options and sets out the details of the insurance You have selected.**
2. **Check Your policy schedule carefully to ensure the cover is what You need and pay Your premium.**
3. **If more than one person is named as the insured, We will treat a statement, act, omission or claim by any one of these people as a statement, act, omission or claim by them all.**

How to cancel your policy

If You want to cancel Your policy, contact Us or Your Intermediary. You may cancel this insurance at anytime by requesting Us to do so in writing.

If You do request cancellation after 28 days from the commencement date, We will retain the amount of used premium in accordance with relevant legislation and We will refund any unused premium.

If We receive Your cancellation request within 28 days from the commencement date and You have not made a claim on this policy, We will refund Your premium in full.

You must notify Us immediately if Your loan ends earlier than the term specified in the period of insurance on Your policy schedule. This brings Your policy to an end.

Cancellation by us

We may cancel this insurance where circumstances described in insurance legislation allow *Us* to do so.

If *We* cancel this insurance, *We* will retain an amount from the *premium* in accordance with relevant legislation. *We* will refund the balance to the *creditor* to apply to the loan if it was paid from the loan or to *You* directly if the *premium* was paid by cash or cheque.

How to change your policy

1. Contact us or your intermediary to change or vary your policy

You will be sent an *endorsement schedule* that includes any changes or variations *You* have requested and *We* have agreed to, and any *special conditions* *We* may have applied to that agreement.

2. Check the changes

3. Pay any additional premium due

We will tell *You* if *Your premium* has increased. If *You* pay *Your premium* in one lump sum, *We* must receive *Your payment* within 30 days.

Your premium

1. How we calculate your premium

The *premium* payable by *You* will be shown on *Your policy schedule*.

The key factors that influence the *premium* calculations are reflected in the questions asked, and information sought, at the time of *Your* enquiry or application for insurance.

These include factors relating to:

- the frequency claims will occur and the average cost of each claim

- the frequency of *motor vehicle* insurance claims that are for a *total loss*
- the option of cover *You* have selected
- the value of *Your motor vehicle*
- the *period of insurance*
- the average period of a *loan contract*
- the average amount borrowed
- the changes in *motor vehicle* values.

Premiums are also subject to commonwealth and state taxes and/or charges. These include the Goods and Services Tax (GST) and stamp duty. *Your premium* including any taxes and/or charges will be listed on *Your policy schedule*.

2. How to pay your premium

You can pay *Your premium* in one lump sum or by funding it into *Your* loan obligation.

If *You* fund the *premium* into *Your* loan obligation, *Your* loan obligation will increase by the amount of *Your premium*.

If *You* pay *Your premium* in a lump sum *You* can pay by cash or cheque.

We may cancel *Your policy* if:

- *You* do not pay *Your premium*
- *Your* cheque is dishonoured by *Your* financial institution.

3. Interest on unallocated premium

If *We* are unable to issue *Your* insurance when *We* receive *Your* application, *We* are required to hold *Your premium* in a trust account on *Your* behalf until *Your* insurance can be issued. *We* will retain any interest payable by *Our* bank to meet, among other things, bank fees and other bank costs *We* incur in operating the account.

How To Make A Claim

Contact *Us* on 1800 CGU CCI (1800 248 224) for a claim form as soon as an event occurs that *You* believe *You* can claim for.

You must complete the claim form and return it to *Us* immediately following an event occurring that may result in a claim on this insurance.

You must give *Us* written statements and any other information *We* ask for to support *Your* claim and provide assistance when required.

We may also request *You* to authorise:

- *Your comprehensive motor insurer* to release to *Us* all documents relevant to any payout under *Your comprehensive motor insurance policy*
- The *creditor* to release to *Us* all documents relevant to the verification of the amount *You* owe the *creditor* under the *loan contract*.

You must give *Us* written statements and any other information *We* ask for to support *Your* claim and provide assistance when required.

Claim recovery

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

How to resolve a complaint or dispute

1. Talk to us first

If *You* have a complaint, the first thing *You* or *Your* insurance adviser should do is speak to one of *Our* staff. If *Your* complaint relates specifically to a claim speak with the claims officer managing *Your* claim.

If the staff member or claims officer are unable to resolve the matter for *You*, *You* or *Your* insurance adviser may speak to a manager. If *You* are not satisfied with the decision *You* can go to step 2.

2. Seek a review

If the matter is still not resolved the manager will refer *You* or *Your* insurance adviser to the relevant internal dispute resolution area who will conduct a review of *Your* dispute.

If *You* are still not satisfied with the decision *You* can go to step 3.

3. Seek an external review

You are entitled to seek an external review of the decision. The dispute resolution area will provide *You* with information about the option(s) available to *You*, such as, referring *You* to the external dispute resolution scheme administered by the Financial Ombudsman Service Limited (FOS).

Further information about the complaint or dispute resolution procedures is available by contacting *Us*.

Glossary

Some of the words in this PDS have special meanings. These words and their meanings are listed below.

agreed value

The amount that *You* and *Your comprehensive motor insurer* agreed to insure *Your motor vehicle* for.

commencement date

The later of the date funds are advanced by the *creditor* for the acquisition of *Your vehicle* or the date *We* accepted *Your* application for this insurance.

comprehensive motor insurance policy

The policy of insurance which provides cover for loss of or damage to *Your motor vehicle* being in force as at the date of the incident resulting in the *total loss*.

comprehensive motor insurer

The insurance company that has insured *Your motor vehicle* for loss or damage under *Your comprehensive motor insurance policy*.

cover option

The option *You* selected when *You* applied for this insurance.

creditor

The financial institution to whom money is owed to for your loan obligation that this insurance covers.

Intermediary/ Intermediaries/ Intermediary's

The company or individual through which *You* purchased this insurance or the company named on the front cover of this booklet.

insurer

CGU Insurance Limited
is the insurer and issuer
ABN 27 004 478 371
AFS Licence No. 238291

loan contract

The loan amount arranged between *You* and the *creditor* for the purchase or lease of *Your vehicle* as specified when *You* applied for this insurance.

market value

The current market value of *Your motor vehicle* as it was immediately prior to the incident resulting in the *total loss*. This value is determined by *Your comprehensive motor insurer*.

Maximum payout

The maximum amount *We* will pay to the *creditor* in relation to a claim under this insurance as shown on *Your policy schedule* under the *cover option* selected.

motor vehicle

The motor vehicle described when *You* applied for this insurance and shown on the *policy schedule*, including its standard equipment, tools and accessories (factory fitted or supplied by the motor vehicle manufacturer) which were in or on the motor vehicle at the time of purchase.

Out of pocket cash benefit

A payment of the amount of Out of pocket cash benefit cover *You* have selected when *You* applied for this insurance to cover expenses such as comprehensive insurance, CTP insurance, registration costs, delivery charges and stamp duty for *Your new/replacement motor vehicle*. This is not a payment which in any way relates to any property mortgaged to the *creditor*.

period of insurance

The period of cover shown on *Your policy schedule*.

policy schedule

The most recent schedule *We* give *You* describing the terms and conditions that are specific to *Your* insurance. This also includes any amendments *We* send *You* in writing.

premium

The amount *You* pay for this insurance.

remaining balance due

The amount owing to *Your creditor* under *Your loan contract* as at the date of the incident resulting in the *total loss*, less the amount of the *total loss payout*.

terrorism

Any act which may, or may not, involve the use of, or threat of, force or violence where the purpose of the act is to further a political, religious, ideological aim or to intimidate or influence a government (whether lawfully constituted or not) or any section of the public.

total loss

The situation where *Your motor vehicle* is stolen and not recovered or is damaged beyond economical repair.

total loss payout

A payout of the full *market value* (on a *market value* insurance policy) or the full *agreed value* (on an *agreed value* insurance policy) by *Your comprehensive motor insurer* in respect of the *total loss* of *Your motor vehicle*.

Us, We and Our

Refers to:

CGU Insurance Limited
ABN 27 004 478 371.

war or warlike activity

War (including war service), an act of a foreign enemy, hostilities or war like operation (whether war is declared or not), civil commotion, civil war or rebellion.

You and Your

The person/s named as the insured on your current schedule.

Your policy

The contract between *You* and *Us* which provides *You* with insurance cover in exchange for a *premium*. *Your* policy is made up of 2 documents: *Your* current schedule and this Product Disclosure Statement and policy booklet (PDS).

Notes

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Contact Us

CGU Insurance Limited

ABN 27 004 478 371

AFS Licence No. 238291

Policy enquiries

Phone number: 1800 CGU CCI (1800 248 224)

Email address: ccioperations@cgu.com.au

Postal address: GPO BOX 2261 Melbourne VIC 3001

Fax number: 03 8804 9009

Claims

Phone number: 1800 CGU CCI (1800 248 224)

Email address: cciclaims@cgu.com.au

Postal address: GPO BOX 2177 Melbourne VIC 3001

Fax number: 1800 032 535



Insurer

CGU Insurance Limited

ABN 27 004 478 371

AFS Licence No. 238291

CONTACT DETAILS

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CV406 REV6 9/14



Insurer details –
see inside back cover.

Intermediary
Summerland Credit Union Limited
ABN 23 087 650 806
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