



Vehicle Equity Insurance

PRODUCT DISCLOSURE
STATEMENT AND POLICY



Vehicle Equity Insurance

Combined Product Disclosure Statement and Policy prepared 15 March 2021.

Issued by LFI Group Pty Ltd ABN 31 138 903 581 Australian Financial Services Licence number 413613 (LFI).

LFI is authorised under its AFSL to issue, deal in and provide general advice on general insurance products.

This PDS is important

This Product Disclosure Statement (PDS) is designed to help you decide if LFI Vehicle Equity Insurance is right for you.

It is important to read the whole PDS as it contains key information, including:

- how Vehicle Equity Insurance can benefit you;
- what Vehicle Equity Insurance covers and doesn't cover;
- the Policy terms; and
- how to make a claim.

This PDS and any information or advice we or our representatives provide in relation to LFI Vehicle Equity Insurance is general only and does not take into account your personal objectives, financial situation or needs.

LFI Vehicle Equity Insurance is optional and is not a condition of your Loan.

In this PDS words with capital letters have special meanings which are either made clear in the text or explained in the **Definitions** on [page 9](#), and the words 'we', 'us' and 'our' refer to LFI, and 'you' and 'your' refer to you as the policy owner.

If you do not understand any part of this document or would like more information, please contact us and we will be happy to explain.

Cooling off period

You have a cooling off period which is the right to cancel your Policy during the first 21 days of the Period of Cover, provided you have not made a claim.

If you wish to cancel your Policy during the cooling off period, you must notify us in writing and we will refund the premium in full and your Policy will be terminated.

How to contact us

You can contact us (including to confirm any Policy transaction or obtain further information relating to your Policy) by any of the following methods:

Telephone: 1300 888 318

Facsimile: 03 8613 1999

Post: Level 16, 535 Bourke Street,
Melbourne, Victoria 3000

Email: enquiry@lfi.com.au

Website: www.lfi.com.au



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Welcome to LFI's Vehicle Equity Insurance

A new vehicle can be very exciting.

But have you considered how you would pay off your Loan if your vehicle was damaged beyond repair, and your comprehensive insurance wasn't enough to repay your loan? You may be left with a significant loan balance, as well as changeover and incidental costs. While comprehensive insurance covers your car's value, it may not cover your loan.

Benefits of LFI Vehicle Equity Insurance can include:

- peace of mind, knowing that your loan, including any termination or discharge fees, will be covered if your vehicle is damaged beyond repair or stolen and not recovered; and
- coverage for expenses resulting from replacing your vehicle in this event.

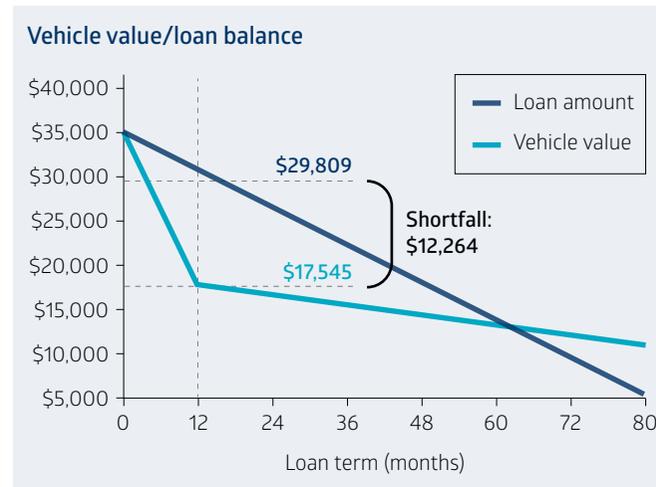
Cover is subject to other terms (including conditions, limits and exclusions) as set out in this Policy.

If you intend to take out an agreed-value comprehensive policy for a value that covers your Loan, Vehicle Equity Insurance will be of limited value to you.

What is LFI Vehicle Equity Insurance?

LFI Vehicle Equity Insurance is designed to help you pay off your Loan and meet other costs associated with the Total Loss (write-off) of your Vehicle.

Market value comprehensive insurance is tied to the value of the vehicle not your Loan, so the payment from your comprehensive insurer may not be enough to repay your Loan. This is because the value of new or used vehicles can reduce more quickly than the Loan and because many lenders impose high early repayment costs. After a Total Loss, you may be left without a vehicle and still having to pay off the rest of your Loan.

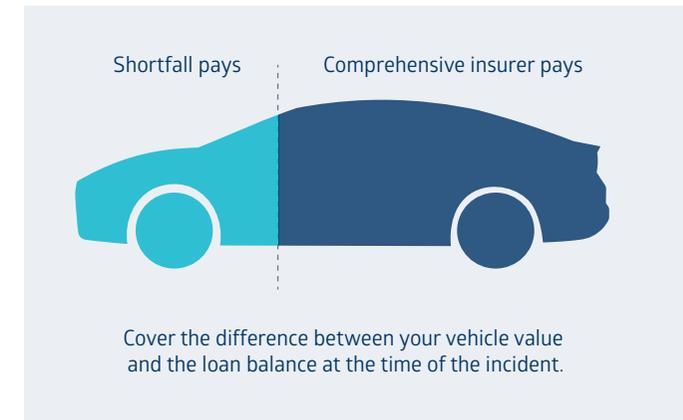


Here's what this looks like over a typical Loan:

In this example, a customer borrowed \$33,400 over 84 months, for a new Hyundai Tucson. Assuming the owner made minimum repayments and based on expected depreciation for this kind of vehicle, if the vehicle was written-off at 12 months and the Comprehensive Insurer paid the market value, the customer would still have had a Shortfall of \$12,264 to repay their lender, before taking out a new loan for a new vehicle.

The example applies to a specific vehicle and loan. Not all vehicle loans result in a Shortfall. The graph would be different for other vehicles, used vehicles, loans which are more or less than the vehicle price and loans of different duration. If, taking into account your Loan, your Vehicle and its expected depreciation, we do not expect you to experience a Shortfall, we will not offer Vehicle Equity Insurance to you.

Comprehensive insurance is about your Vehicle, but Vehicle Equity Insurance is about your loan.





Policy coverage

Vehicle Equity Insurance pays the following benefits in the following circumstances:

- **Shortfall Benefit:** If your vehicle is a Total Loss and you receive a Comprehensive Insurance Payout that is less than the amount owing on your Loan, we will pay the Shortfall to your Lender (up to your Maximum Shortfall Benefit); and
- **Replacement Benefit:** If your Vehicle is a Total Loss and your Comprehensive Insurer pays your claim or replaces your Vehicle, we will pay you a lump sum Replacement Benefit to help meet expenses associated with the replacement of your Vehicle. We will not require proof of these expenses.

Vehicle Equity Insurance only pays benefits if your Comprehensive Insurer declares your Vehicle a Total Loss. If your Comprehensive Insurer replaces your Vehicle during the Period of Cover, your Vehicle Equity Insurance continues in relation to the replacement Vehicle until the end of the Period of Cover.

We will pay a maximum of two Replacement Benefits and only one Shortfall Benefit. If you wish to cancel your Comprehensive Insurance, you should also cancel your Vehicle Equity Protection and obtain a refund of unused premium (see the section headed **Cancellation by you** on [page 7](#)).

These benefits are subject to other limits and exclusions which are explained under Policy exclusions on [page 4](#) and When am I covered? on [page 7](#) of this PDS.

Choose from three levels of Cover

LFI Vehicle Equity Insurance offers three Cover levels:

	COVER OPTION 1	COVER OPTION 2	COVER OPTION 3
REPLACEMENT BENEFIT	\$5,000	\$4,000	\$3,000
MAXIMUM SHORT-FALL BENEFIT	\$20,000	\$15,000	\$7,500
MAXIMUM WE WILL EVER PAY	\$30,000	\$23,000	\$13,500

We will only offer Cover at a level or levels that we determine, based on your Loan and your Vehicle.

Your Cover level will be set out in your Policy Schedule.

Example – Total loss payout

During the Period of Cover, your Vehicle is declared a Total Loss by your Comprehensive Insurer and your Loan payout is \$30,000 but your Comprehensive Insurer only pays your Vehicle’s market value which is \$20,000. This leaves you with a \$10,000 shortfall on your Loan. If you chose Cover level 2, with a Maximum Shortfall Benefit of \$15,000, we would pay the Shortfall of \$10,000 to your Lender, covering the shortfall. In addition, you will receive a Replacement Benefit of \$4,000 toward your out of pocket expenses, with no proof required. Your Policy and the Period of Cover end after payment of these benefits.

Example – Replacement vehicle declared a Total Loss

During the Period of Cover your Vehicle is declared a Total Loss by your Comprehensive Insurer, which provides you with a replacement vehicle. If you chose Cover level 2, you will receive a Replacement Benefit of \$4,000 toward your out of pocket expenses, with no proof required. Your Policy continues in relation to your replacement vehicle. If your replacement vehicle is declared a Total Loss during the Period of Cover, we will pay any Shortfall to your Lender (up to \$15,000 with Cover level 2) and a further Replacement Benefit. Your Policy and the Period of Cover end after payment of these benefits.

Policy exclusions

We will not pay any Benefit under this Policy if:

- the Total Loss of your Vehicle arises from contamination by chemical and/or biological agents which results from an act of terrorism, war or warlike activities, riot, civil commotion, strike or lockout;
- the event giving rise to the Total Loss occurred while:
 - you do not have Comprehensive Insurance;
 - the Vehicle was being used for any illegal purpose; or
 - the person in charge of the vehicle was unlicensed, driving under the influence of alcohol or any drug or driving against medical advice; or
- you have no liability under your Loan when the Total Loss occurs.

The following amounts are excluded and will be deducted from our calculation of any Shortfall Benefit :

- arrears or deferred payments owed to the Lender as at the date of the Total Loss of your Vehicle;
- unpaid Vehicle Equity Insurance premiums;
- unpaid Comprehensive Insurance premiums and any fees or charges imposed by your Comprehensive Insurer;
- an amount arising from a variation to your Loan which we have refused to agree to, or would have refused to agree to if you had notified us; and
- any payments made by your Comprehensive Insurer, or any amounts that it has a liability to pay, in respect of loss or damage resulting from the Total Loss of your Vehicle.

The Shortfall Benefit will not include and will not be increased by the amount of any reduction in a Total Loss Payout made by your Comprehensive Insurer for the purpose of enabling you to retain ownership of the damaged vehicle.

Applying for Cover

We will rely on the information supplied by you when you apply to decide whether you are eligible for Cover and if so, the maximum Cover level we will provide.

If you are eligible for Cover and you have paid or agreed to pay the applicable premium, we will provide Cover to you on the terms and conditions in this document and the Policy Schedule.

This document and your Policy Schedule make up your Policy with us. It is your responsibility to ensure that all details in your Policy Schedule are correct and to immediately inform us of any corrections that need to be made.

Eligibility

To be eligible for this Policy you must:

- be a natural person and at least 18 years of age;
- have your Vehicle covered by Comprehensive Insurance;
- be a borrower on a Loan for your Vehicle which is a consumer loan, ie credit to which the National Credit Code applies that settled no more than 30 days before your Application; and
- have a Vehicle with carrying capacity no greater than 4.5 tonnes.

We may decide, based on the amount you have borrowed under your Loan and the type, age and value of your Vehicle, not to offer you Cover.

Your Privacy

When you apply for LFI Vehicle Equity Insurance, we will collect the information required in your Application and determine your eligibility for LFI Vehicle Equity Insurance.

When you make a claim under LFI Vehicle Equity Insurance, we will collect information relevant to assessing your claim. This may include collection directly from you, from your Lender, your Comprehensive Insurer and from publicly available sources or via surveillance. You consent to your Lender and your Comprehensive Insurer disclosing information to us that is relevant to these purposes.

If you do not provide information that we request, we may be unable to provide you with LFI Vehicle Equity Insurance, or may refuse to pay a claim.

When you purchase Vehicle Equity Insurance, you consent to us using and disclosing your information in accordance with our Privacy Policy and for:

- processing and administering your insurance, including the assessment and payment of claims. This will involve sharing your information with related companies who manage our data and may involve disclosure to your Lender, your Comprehensive Insurer, investigators, assessors, professional advisers and external complaint resolution bodies;
- marketing, subject to your right to opt-out, products or services that we, or our business associates may provide. This may involve disclosure to our business associates and to external service providers including mail houses and information technology providers;
- managing our business generally, including forecasting, financial modelling and data analysis, process development and strategy and compliance with legal requirements. This may involve disclosure to our business associates and to external service providers including mail houses and information technology providers, accountants, actuaries, auditors, reinsurers, Government regulatory and law enforcement agencies, courts and tribunals.

Your information may be shared with processors situated outside of Australia. Our Privacy Policy (available at <https://www.lfi.com.au/about-us/disclosures/privacy-policy>) offers up to date information about where information processing and storage may be conducted outside of Australia. We may update our Privacy Policy from time to time.

Our Privacy Policy also explains how you can access your information and raise any concern about the way we deal with your information, including any request to update or correct your information and how to complain if you are not satisfied with the way we handle your information. You can view our Privacy Policy on our website at www.lfi.com.au. Alternatively, you may contact our Privacy Officer on 1300 888 318 to discuss any concerns or to request a free copy of our Privacy Policy.

Information about other individuals

If you give us personal information about other individuals, we rely on you to make them aware that you have provided their information to us and of how we will use their information.

Your duty of disclosure

It is important that you understand your duty of disclosure.

Before you enter into an insurance contract, you have a duty to tell us anything that you know, or could reasonably be expected to know, may affect our decision to insure you and on what terms.

You have this duty until we agree to insure you.

You have the same duty before you renew, extend, vary or reinstate an insurance contract. You do not need to tell us anything that:

- reduces the risk we insure you for; or
- is common knowledge; or
- we know or should know as an insurer; or
- we waive your duty to tell us about.

If you do not tell us anything you are required to, we may cancel your contract or reduce the amount we will pay you if you make a claim, or both.

If your failure to tell us is fraudulent, we may refuse to pay a claim and treat the contract as if it never existed.

Cost and payment

The premium payable for your Policy will be quoted when you apply and will be shown on your Policy Schedule together with Goods and Services Tax (GST) and stamp duty. The premium will vary depending on the Cover you choose.

Your premium includes the commission payable by us to the representative who arranged your Policy. More information on commission payments and benefits received by representatives is available from the Financial Services Guide provided to you in relation to this Policy or by contacting us.

The premium may be:

- financed by your Loan and paid to us by your Lender; or
- paid by you as a single sum or over 12 equal monthly instalments.

When paying by instalments, your first instalment is due one calendar month after the commencement of your Cover and the remaining instalments are due at calendar monthly intervals. If a payment is due on a day that is not in a particular month, your payment is due on the last Business Day of that month.

You may pay installments by credit or debit card, or by direct debit. We will bill instalments due on non-Business days on the last Business day preceding the due day.

If any part of your premium is unpaid at the time of a claim, we will deduct it from the amount we pay you.

Ongoing disclosure: changes to your details or circumstances

If your Comprehensive Insurer replaces your Vehicle following a Total Loss (in which case you may be entitled to a Replacement Benefit), you must contact us and provide the details of the replacement Vehicle.

It is in your interests to inform us if you change your name or address.

It is important to tell us if:

- you cancel your Comprehensive Insurance;
- your Loan ends earlier than the end of the Period of Cover; or
- you wish to vary the Loan in any way or wish to refinance the Loan.

These changes may impair or end your cover and may entitle you to a refund of the premium that relates to the remainder of the Policy Term.

When am I covered?

The Period of Cover commences when the Policy Term commences or the date of the commencement of your Loan Contract, whichever is later.

The Period of Cover ends on the earliest to occur of the following:

- the Policy is cancelled;
- the Policy Term ends;
- the Loan Contract or an Acceptable Replacement Loan is paid out, or re-financed other than by an Acceptable Replacement Loan;
- the payment of a Shortfall Benefit;
- seven years from the commencement of the Period of Cover;
- the time for full repayment of your Loan has passed; or
- you or the Lender sell the Vehicle and ownership passes to the purchaser.

You are not covered during any period when you don't have Comprehensive Insurance.

How can your Policy be cancelled?

Cancellation by you

You may cancel this Policy at any time by notifying us in writing. If the Policy is cancelled after the cooling off period, provided you have not made a claim, we will refund the premium that relates to the remainder of the Period Term.

We determine this amount using a method approved by our actuary that is fair to you and appropriate to maintain sufficient capital in accordance with our prudential obligations.

If you have financed the premium for this Policy, we will pay the refund of premiums to your Lender, to the credit of your Loan. Otherwise, the refund is payable to you.

Cancellation by us

We may cancel this Policy in accordance with the law. This includes where you have:

- failed to comply with your duty of disclosure;
- failed to pay the premium when required; or
- made a misrepresentation to us before the Policy was entered into.

If we cancel your Policy, we will give you notice in writing of the cancellation. If your premium has been financed, you authorise us to pay any refund direct to the Lender unless the Lender otherwise authorises the refund to be paid directly to you.

If we cancel your Policy after you have made a claim, we do not have to refund your premium.

Variations to your Policy

Your Policy can only be changed by LFI. No other person or entity (including agents of LFI) has the right to change any part of the Policy.

How to make a claim

Our aim is to get you back on the road as soon as possible. We will work with you to deal with your claim as quickly as we can. We normally reach decisions within a week and if we have the information we need, we will determine your claim within 10 business days unless something exceptional arises. We will tell you if that's the case. We will take into account any particular difficulties, needs or circumstances if you tell us about them.

Telephone us on 1300 888 318 for a claim form. A completed claim form and the following information will be required in order for us to assess your claim:

- all details of your Comprehensive Insurance and any documents relating to the settlement of your Total Loss Payout, including a copy of any release which your Comprehensive Insurer required you to sign in order to receive the payment;

- a copy of your Loan statement covering the period when the Total Loss occurred and a full breakdown calculation of the amount owing on the Loan as at the date of the Total Loss;
- a copy of your drivers' licence or passport; and
- a copy of the Vehicle registration papers.

We reserve the right to ask your Lender for a full breakdown calculation of the amount outstanding on the Loan as at the date of the Total Loss of your Vehicle. We may also at our cost obtain an independent assessment and valuation report in relation to any matter that affects your claim under this Policy.

We may ask you to provide us with other information in support of your claim. If we do, we will notify you as part of the claim process. You must provide us with any other information we reasonably require in order for us to assess your claim.

Claim recovery and subrogation

Where we have paid a Shortfall benefit, we are subrogated to your rights including your Comprehensive Insurance Policy.

This means that:

- if we disagree with your Comprehensive Insurer, for example as to the Market Value of your Vehicle, we take over your rights to take legal action against your Comprehensive Insurer for a higher Total Loss Payout;
- we have the right to take action against any person or entity and to recover costs incurred by us from them where we believe that such other person or entity has caused or contributed to you suffering a loss covered by this Policy;
- we may take such action in your name; and
- we can, acting reasonably, require you to cooperate with us and provide any information we reasonably require.

Fraudulent claims

We may be entitled to refuse to pay claims made fraudulently. In certain circumstances we may even cancel your Policy if you make a fraudulent claim.

Complaints and dispute process

If you have a complaint relating to your Policy or the services that we or our representatives provide, please contact us and we may be able to resolve the complaint for you. If we are unable to satisfactorily resolve your complaint you may request that it be referred to our Internal Dispute Resolution process. You can contact our Internal Disputes Officer at:

Post: Level 16, 535 Bourke Street,
Melbourne, Victoria 3000

Telephone: 1300 888 318

Our Internal Dispute Resolution process is provided to you free of charge and we will respond to your complaint within 15 working days.

If you are not satisfied with the outcome of our Internal Dispute Resolution process, you may lodge a complaint with the Australian Financial Complaints Authority (AFCA):

Online: www.afca.org.au

Email: info@afca.org.au

Telephone: 1300 931 678 (free call)

Post: GPO Box 3, Melbourne, Victoria 3001

AFCA is provided at no cost to you and is an independent service which will investigate your complaint and provide a ruling that is binding on us.

The General Insurance Code of Practice

The Insurance Council of Australia has developed a voluntary General Insurance Code of Practice (Code), which we have adopted.

The Code is designed to raise the standards of service and practices in the general insurance industry. It aims to promote more informed relations between insurers and their customers, improve consumer confidence in the general insurance industry, improve the quality of policy documentation and information provided to consumers and ensure that our representatives act in an honest, fair, efficient and transparent manner.

To obtain a copy of the Code visit www.insurancecouncil.com.au or call (02) 9253 5100.

Government charges

We reserve the right to pass onto you any Government duties, taxes or charges that are or become payable by us or you in respect of your Policy.

Other information

Financial claims scheme

A person entitled to claim under an insurance policy issued by an insolvent general insurer may be entitled to payment under the financial claim scheme established by Part VC of the Insurance Act 1973 (Cth). Access to the scheme is subject to eligibility criteria. Information about the scheme can be obtained from <http://www.fcs.gov.au>.

Updating your PDS

This PDS is current as at the date of preparation. We may update information and may change the policy wording, provided that the change does not prejudice you. If a change is important, we will notify you. We will make information about non-material changes available on the LFI website at www.lfi.com.au.

Relevant law

This Policy is governed by the laws of Australia.

Definitions

Some words have a special meaning in this document. These words are listed below.

Acceptable Replacement Loan: means a loan that:

- is subject to a loan contract covered by the *National Credit Code*; and
- is obtained for the dominant purpose of refinancing the Vehicle with a similar financing arrangement at a lower interest rate; and
- is for a total amount of credit that is not more than 10% greater than the balance owing under the Loan being refinanced; and
- is required to be fully repaid no later than the end of the Policy Term; or
- is otherwise approved by LFI and this approval may be withheld by LFI where it reasonably determines that a loan increases LFI's risk.

Agreed Value: means the amount that you and your Comprehensive Insurer agree to insure your Vehicle for.

Application: means your application for LFI Vehicle Equity Insurance whether in writing or made by telephone or other means that we make available in which you:

- provide information about yourself and anyone else you want to be covered by this Policy;
- provide information about the Vehicle and your Loan; and
- choose your Cover Option.

The words **apply** and **applicant** have a corresponding meaning when used in relation to your Application.

Comprehensive Insurer: means the insurer of the Comprehensive Insurance.

Comprehensive Insurance: means the insurance policy that provides cover for loss of or damage to your Vehicle, in force as at the date of the Total Loss of your Vehicle.

Cover: means the insurance cover that is provided by your Policy.

Insured: means the person or persons(s) named in your Policy Schedule to whom we have given Cover.

Lender: means the credit provider named in the Policy Schedule or, if your Loan Contract has been refinanced by an Acceptable Replacement Loan, the credit provider that refinanced the Vehicle.

Loan: refers to your Loan Contract and any Acceptable Replacement Loan, as in place at the relevant time.

Loan Contract: means the loan contract specified in your Policy Schedule.

Market Value: means the current market value of your Vehicle as it was immediately prior to the incident resulting in the Total Loss, as determined by your Comprehensive Insurer.

Period of Cover: means the period when you are entitled to Cover, commencing and ending in accordance with the section headed **When am I covered?** on [page 7](#).

Policy: means the insurance contract between you and us on the terms set out in this document and the Policy Schedule.

Policy Schedule: means the Policy schedule we provide to you which confirms the insurance Cover provided to you under your Policy.

Policy Term: means the period described as the Policy Term in the Schedule.

Shortfall: means the amount owing on your Loan at the date of the circumstance that caused the Total Loss of your Vehicle, less the amount of the Total Loss Payout and less any other amount excluded by this Policy.

Total Loss: means that your Vehicle is determined by your Comprehensive Insurer to be damaged beyond economical repair or stolen and not recovered.

Total Loss Payout: means the payout of the Market Value or Agreed Value of your Vehicle paid by the Comprehensive Insurer to you or your Lender in the event of the Total Loss of your Vehicle.

Vehicle: means the Vehicle described in your Policy Schedule including the manufacturer's standard equipment and accessories fitted in or on the Vehicle at the time you purchased the Vehicle, and any replacement vehicle provided by your Comprehensive Insurer during the Period of Cover.

we, us and our: means LFI Group Pty Ltd.

you, your: means the Insured(s).

