

## Guaranteed Finance Protection Terms & Conditions

### 1. Purpose

1.1 The Purchaser is seeking for Beneficial Insurance Limited ("BIL") to cover any Shortfall that may occur, in the event there is a balance owing on the Credit Contract once a claim has been settled on the Purchaser's Comprehensive Vehicle Insurance, in consideration for making the Premium Payment to BIL.

### 2. Scope of Cover

- 2.1 Subject to the terms and conditions below (in particular clause 2.2) and the Cover Amount, BIL agrees that it will pay to the Finance Company ("FC") the balance owing on the Credit Contract for and on behalf of the Purchaser in the case of Total Loss of the Motor Vehicle.
- 2.2 If the Amount Financed on the Credit Contract includes a sum borrowed by the Purchaser to repay an existing finance agreement between the Purchaser and the FC, then this amount shall be deducted from any amount payable under this Policy by BIL to the FC.
- 2.3 Payments by BIL under this policy can only be made directly to the FC in respect of the Purchaser's obligations under the Credit Contract and the Purchaser has no right to such payments and the payments will be paid in New Zealand Dollars.
- 2.4 If the Credit Contract is in the name of more than one person, the cover under this Policy shall apply to the payments that the person named in this Policy is liable to pay to the FC under the Credit Contract.
- 2.5 The provisions of this Policy confer benefits on the FC and are enforceable by the FC under the Contracts (Privity) Act 1982 even though it is not a party to this agreement.

### 3. Period of Cover

- 3.1 This policy is effective for the term of the Credit Contract, except after the following events:
- the Policy is cancelled by BIL or the Purchaser.
  - a payment equal to the Shortfall is paid by BIL to the FC under the Policy.
  - the Credit Contract is repaid, discharged or terminated.

### 4. Conditions

- 4.1 The obligations of BIL are subject to:
- the Purchaser having paid to BIL the Premium Payment;
  - the Purchaser holding and maintaining Comprehensive Vehicle Insurance for the entire period of the Credit Contract and also complying with all obligations that are set out by the Purchaser's Vehicle Insurer;
  - none of the exclusions in clause 5 applying; and
  - the Purchaser having not assigned any rights under this Policy to another party.

### 5. Exclusions

- 5.1 The obligations of BIL to make a payment to the FC under this Policy will not apply:
- if the Vehicle Insurer does not settle a claim under the Purchaser's Comprehensive Vehicle Policy;
  - in the event a claim is fraudulent in which case this Policy will be cancelled and the Purchaser will forfeit all rights under the Policy;
  - if the Purchaser does not have or retain Comprehensive Vehicle Insurance;
  - if there is no Shortfall after the Vehicle Insurer has settled the Purchaser's claim;
  - in respect of any Total Loss that happens after the maturity date of the Credit Contract as per the Credit Contract;
  - and in the event of a payment being settled under this Policy, to the extent that there is an arrears amount owing on the Credit Contract and any additional default costs that may have been incurred.

### 6. Limitation

- 6.1 The **maximum amount payable** to the Finance Company under this Policy to cover the Shortfall owed to the Finance Company is equal to the Scope of Cover Amount specified, either \$2,500, \$5000, \$7,500 or \$10,000

### 7. How to Claim

- 7.1 The Purchaser should notify BIL no later than 21 days after the Vehicle Insurer has settled the Purchaser's claim for the loss or disposal of the Motor Vehicle. To make a claim for payment of a Shortfall to the Finance Company the Purchaser needs to:
- telephone BIL on 0800 438 245 notifying a claim and to request a claim form; or send a facsimile to BIL on 0800 329 424 requesting a claim form to be sent.
  - It is also important that the Purchaser lets the Finance Company know that they have made, or are going to make, a claim with BIL.
  - In order for BIL to assess the Purchaser's claim, BIL will require a duly completed claim form.
  - In the case of a Total Loss occurring, the Purchaser will be required to produce at their own expense all relevant information requested by BIL in order for BIL to assess the claim and make a decision.

### 8. Definitions

**BIL** means Beneficial Insurance Limited.

**Comprehensive Vehicle Insurance** means an insurance policy that covers the Purchaser against damage, theft or loss to the Motor Vehicle and also

covers the Purchaser's legal liability for damage caused to property owned by other people.

**Cover Amount** means the specified level of cover chosen for this policy.

**Credit Contract** means the original finance contract that the Purchaser has entered into with the Finance Company to finance the Motor Vehicle as referred to in the Policy Schedule.

**Existing Finance Agreement** means any finance agreement between the Purchaser and the Finance Company that is dated prior to the Credit Contract.

**Finance Company or FC** means the finance company that is referred to in the Policy Schedule.

**Motor Vehicle** means the Motor Vehicle that is referred to in the Policy Schedule. The Policy does not cover Motor Vehicles that are used for any business purpose.

**Vehicle Insurer** means the company that is providing the Purchaser with Comprehensive Motor Vehicle Insurance.

**Policy** means this insurance policy.

**Policy Schedule** means the schedule that BIL issues to the Purchaser outlining the full details of cover provided under the Policy.

**Premium Payment** means the insurance premium payment paid by the Purchaser to BIL in consideration for BIL entering into the Policy.

**Purchaser** means the person that is referred to in the Policy Schedule.

**Shortfall** means the difference between the amount paid out by the Vehicle Insurer for Total Loss, and the balance owing on the Credit Contract, less any arrears owing on the Credit Contract prior to the Total Loss of the Motor Vehicle.

**Total Loss** means where the Vehicle Insurer verifies that the Motor Vehicle is a total loss because:

- a) the Motor Vehicle is deemed to be uneconomical to repair due to the condition of the vehicle; or
- b) the Motor Vehicle having been stolen and is either not retrieved or if retrieved is not economical to repair.

## **Financial Strength Rating**

All licensed insurers are required to have a financial strength rating from a rating agency authorised for this purpose by the Reserve Bank of New Zealand. Beneficial Insurance Limited has been rated. B++ Outlook Stable by AM Best Company.

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