



Loan Termination Insurance

Product Disclosure Statement and Policy

INTRODUCTION

We welcome You to the AVEA Insurance Limited Loan Termination Insurance Product Disclosure Statement (PDS).

It is important that before You purchase the insurance You take the time to read and understand this PDS in its entirety, as it contains important information as required under the financial service provisions of the Corporations Act 2001.

If You do not understand any part of it, please contact Us and We will be happy to explain any matter for You.

**PLEASE TAKE THE TIME TO READ THROUGH THIS BOOKLET CAREFULLY
AND RETAIN FOR YOUR RECORDS**

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DEFINITIONS

This table below defines and explains some important terms used throughout this PDS.

Term	Meaning
Bankruptcy	A person against whose estate a sequestration order has been made or who has become bankrupt by virtue of the presentation of a debtor's petition.
Borrower	The individual who makes an application for, and receives funds in the form of a Finance Contract and is obliged to repay the financed amount in full under the conditions of the Finance Contract.
Cancer	The first unequivocal diagnosis by a qualified medical practitioner 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: <ul style="list-style-type: none"> • Tumours treated by endoscopic procedures alone and tumours classified 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 spreading to lymph nodes or distant tissue. • Kaposi's sarcoma and other tumours caused by AIDS.
Coronary Artery Surgery	Coronary artery bypass grafting surgery performed by qualified medical practitioner through a thoracotomy.
Critical Illness	A cover provided by this Policy for the following: <ul style="list-style-type: none"> • Heart Attack; • Coronary Artery Surgery; • Stroke; and • Cancer as defined in this PDS.
Dealer	The originating motor Vehicle dealership from whom You originally purchased the Vehicle
Disability	A condition that renders You incapable of continuous performance for no less than 14 days of the duties of any occupation for which You are reasonably qualified by education, training or experience as a result of You contracting a sickness or disease or sustaining an accidental injury as certified by a qualified medical practitioner.
Divorce	The legal termination of a marriage otherwise than by the death of a party to the marriage, as described in The Family Law Act 1975.
Financier	The Finance Company or credit institution that provided the funds for the purchase of the Vehicle, as stated in the Policy Schedule.
Finance Contract	The legal agreement with the Finance Company or credit institution which describes the terms and conditions under which the funds were provided to You for the purchase of the Vehicle, as stated on the Policy Schedule.
Glasses Guide Auto Edge	An Australian automotive reference publication which provides indicative prices for Vehicles in different conditions.
Hand Back	Means where You sell Your Vehicle to the Dealer as a consequence of one of the Events noted in the Cover Provided on page 4 in this Policy.
Heart Attack	An acute myocardial infarction that has been documented by the occurrence of chest pain and electrocardiograph evidence and appropriate elevation in cardiac enzymes, certified by a qualified medical practitioner.
Involuntary Unemployment	Where You become unemployed as a result of Your employer terminating Your contract of employment where You are able to, and wish to, continue to work. Your unemployment status is required to be certified by the appropriate government agency.
Period of Insurance	The period commencing on the inception date and ending on the expiry date, as stated on the Policy Schedule.
Payout Figure	Means the amount required by the Financier, at the date of Your claim to discharge Your indebtedness under the Finance Contract. The Payout Figure is subject to Policy Exclusions listed in the Policy wording
Policy	The insurance contract. It consists of this PDS and the Policy Schedule and any other endorsements or notices We may give You.
Policy Schedule	The document which shows Your details, the Vehicle details, the Policy number, the level of cover selected, together with the details of the Premium and other Policy details.

Definitions Cont. Next page

DEFINITIONS Cont.

Term	Meaning
Pre-existing Condition	Any illness, sickness, disease, physical injury or other medical condition for which You are aware of at the inception date of the Policy which includes, but is not limited to: <ul style="list-style-type: none"> • Any ongoing medical condition that You are aware of, or related medical complication You have, or the symptoms of which You are aware; • Any medical condition that is currently being, or has been investigated or treated, by a medical practitioner; • Any condition for which You take prescribed medication for; or • Any condition for which You have had surgery.
Premium	Is the amount You pay for Your Policy including any Policy fee.
Purchase Price	The amount paid for the Vehicle including only the following; <ul style="list-style-type: none"> • Registration; • Dealer delivery fees; and • Statutory charges but excluding all other costs.
Shortfall	Means when you Hand Back Your Vehicle, the difference between the Payout Figure and the greater of, the value of the Vehicle as reasonably determined by us in accordance with the mid point between retail and trade value of the current edition of the Glasses Guide Auto Edge, for a Vehicle which is the equivalent age, make, condition and model as Your Vehicle or the price paid by the Dealer. If We deem it necessary We reserve the right to obtain an independent assessment and valuation report.
Stroke	Any infarction of brain tissue due to a cerebrovascular incident and which is associated with evidence of a neurological deficit that creates permanent functional impairment, as certified by a qualified medical practitioner. This does not include any infarction of brain tissue suffered as a result of bodily injury caused by violent, accidental, external or visible means.
Vehicle	The Vehicle described in the Policy Schedule, including factory or Dealer fitted equipment or accessories. This means motor Vehicles (with a carrying capacity up to 2 tonnes), motorcycles, boats, caravans and campervans.
We, Us and Our	The underwriter, AVEA Insurance Limited.
You and Your	The insured person(s) named in the Policy Schedule.

WHAT IS A PRODUCT DISCLOSURE STATEMENT (PDS)?

This PDS is designed to assist You in understanding the product You are considering so You can make an informed choice about whether You purchase the insurance product.

WHO IS THE INSURER

AVEA Insurance Limited (AVEA), the underwriter of this insurance product, is an Australian owned insurance company which holds an Insurance Licence issued by Australian Prudential Regulation Authority (APRA), and an Australian Financial Services Licence issued by Australian Securities and Investments Commission (ASIC).

If You need to contact AVEA please write to the address or call the telephone number as detailed below:-

AVEA Insurance Limited
 ABN: 18 009 129 793
 AFS Licence: 238279

PO Box 226, Nunawading, VIC 3131

Telephone: (03) 8878 1899 / 1800 99 99 77
 Facsimile:(03) 8878 1880
 Website:www.avea.com.au
 Email:aveainsurance@avea.com.au

COOLING OFF PERIOD

You have the right to return the Policy to Us within 14 days of the date that it was issued or sold to You ("cooling off period") unless You make a claim under the Policy within the cooling off period.

If You return the Policy during the cooling off period, We will refund the full amount of the Premium. The Policy will be terminated from the date You notify Us of your request.

To return the Policy, You must notify Us in writing within the cooling off period. You can do this by contacting Us by the methods detailed above.

YOUR PRIVACY

We need to collect, use and disclose Your personal information in order to consider Your application for an insurance Policy and to provide the cover You have chosen, administer the Policy and assess any claim. You can choose not to provide Us with some of the details or all of Your personal information, but this may affect Our ability to provide the cover.

Your Privacy Cont. next page

YOUR PRIVACY CONT.

By providing Your personal information to Us, You acknowledge and consent that We can collect and use Your personal information for the following purposes:

- to assess Your current and any subsequent application; administer the Policy; calculate or offer discounts; and to investigate, assess and pay any claim made by You or against You; and
- for these purposes, We can collect Your personal information from and/or disclose it on a confidential basis to, the following: Our related entities; Our distributors; other insurers; insurance reference bureaus; law enforcement agencies; investigators; lawyers; assessors, repairers; advisers and the agents of these.

Where You provide personal information to Us about another person, You must be authorised to provide that information to Us and inform that person (unless doing so would pose a serious threat to the life or health of any individual) who We are, how We use and disclose their information, and they can gain access to that information.

You may gain access to the personal information held on record about You and/or a copy of Our Privacy Policy by contacting Us on 1800 99 99 77. The complete Privacy Policy is also available on Our website www.avea.com.au.

YOUR DUTY OF DISCLOSURE

WHAT YOU MUST TELL US:

Before You enter into a contract of insurance with Us, You must advise Us of anything that You or a reasonable person in the circumstances could be expected to know, which is relevant to Us insuring You and, if so, on what terms. You must advise Us of any information relating to You and anyone likely to drive the Vehicle, when entering into the contract and each time You change Your Policy, such as:

- Any criminal convictions or charges.

If You do not notify Us of all information that You are aware of We may:

- Refuse to pay a claim, or
- Reduce the amount of Your claim, or Cancel Your Policy.

COST OF THE POLICY

If You decide to purchase Loan Termination Insurance from Us, the cost of the Policy is determined by the level of cover You select. The price will include any compulsory Government charges including Stamp Duty and GST.

Also included in the Premium amount is the commission payable to the Authorised Representative who provided the Policy to You (and associated Marketing Agencies). The amount of commission varies between Authorised Representatives, however, the specific details applicable to the purchase are defined in percentage form in the Financial Services Guide (FSG) that is issued to You by the Authorised Representative.

This commission amount is calculated on the total Premium payable. These charges will be included in the amount payable which is shown on the Policy Schedule and We will refer to this whole amount as the "Premium".

Before We can give You any insurance cover, the Premium for the Policy must be paid either by You or by including the Premium in the Finance Contract and the Financier making the payment to Us.

WHAT IS LOAN TERMINATION INSURANCE (LTI)?

This insurance Policy provides Consumer Credit Insurance which has been developed to assist You should a covered event occur. This product is not compulsory and it is not a condition of Your Finance Contract that You must have this insurance. If You do choose to take out this product, You may do so with another insurer on terms that are the same or different to the terms of this Policy.

This Policy, is designed to provide You with simple and easy cover which will protect You in the event that You encounter or suffer from certain events (explained in the "Cover Provided" section of this Policy) and where as a consequence of one of these events You wish to "Hand Back" Your Vehicle to the place where You purchased it (Dealer). If the Payout Figure on Your Finance Contract is more than the value of Your Vehicle at the time of Hand Back, then subject to the terms and conditions of this Policy We will payout some or all (up to the value of the level of cover selected by You in the Policy Schedule) of the Finance Contract on Your behalf to settle Your indebtedness with Your Financier. We offer a number of levels of cover from which You are able to choose.

THE COVER PROVIDED

This Policy is a Consumer Credit Insurance Policy with the following significant features and benefits:

If you encounter or suffer from one of the following events:

- Involuntary Unemployment;
- Disability;
- Critical Illness;
- Personal Bankruptcy (for the self employed); or
- Divorce

And as a consequence of one of these events You wish to Hand Back Your Vehicle to the Dealer, and the Payout Figure on Your Finance Contract is more than the value of Your Vehicle at the time of Hand Back, then subject to the terms and conditions of this Policy We will pay the Shortfall amount (up to the value of the level of cover selected by You in the Policy Schedule) to the Financier on Your behalf to settle Your indebtedness.

COVER LIMITATIONS AND SIGNIFICANT RISKS

You should be aware of the following cover limitations and significant risks associated with the Policy:

Our liability under this Policy is excluded in certain circumstances. For example if:

- You do not Hand Back the Vehicle
- Upon Hand Back of the Vehicle there is no Shortfall amount payable on Your Finance Contract
- The reason that You Hand Back the Vehicle is not related to one of the events noted in this Policy.

In order to understand when the Policy will cover Your Shortfall amount and when it will not, You should carefully read the Policy Exclusions relating to the cover on pages 5.

Disclosure Obligations - Failure to comply with disclosure obligations may have consequences in relation to the cover being provided or may affect a claim being paid. These consequences are outlined under 'Your Duty of Disclosure' in the Policy Wording.

Benefit Limits - Benefits payable under the Policy are subject to limits. The maximum amounts We will pay for the cover You have chosen are set out in the Policy Wording and in the table below.

Disability Cover - No cover is provided for any Disability arising from disease, injury or illness contracted within 30 days of the commencement of the Period of Insurance.

CHOOSING THE LEVEL OF COVER

Within this Policy there are 3 levels of cover available, referred to as;

Level 1which has a total cover limit up to \$12,500

Level 2which has a total cover limit up to \$10,000

Level 3which has a total cover limit up to \$7,500

The table above shows the Maximum amount We will pay in relation to a claim for a Shortfall amount under each level of cover. The amount We will pay depends on the level of cover You have selected.

ELIGIBILITY

To be eligible for this insurance You must:

- be at least 16 years of age at the commencement of the Policy and cover will cease when You reach the age of 65.
- be employed for at least 20 hours per week
- have been continuously employed for the previous six month period
- not be employed in a seasonal or intermittent position
- not to be employed in a contracted position of less than the term of the Finance Contract.
- be a permanent resident of Australia (unless We agree to insure You); and
- meet any other eligibility criteria We set from time to time.

We will tell You what these are when You apply.

To be covered under Our involuntary job loss cover You must be employed on a permanent or permanent casual basis and must not be self employed at the time that the Policy starts.

We only cover the interests of person(s) specified as the insured in the Policy Schedule unless We agree otherwise in writing.

POLICY EXCLUSIONS

Our liability to pay a claim under the Policy is excluded in the following circumstances:

- We will not pay a claim if for any reason whatsoever You have not handed back Your Vehicle to the Dealer, and that the reason for Your Hand Back to the Dealer has not been as a result of one of the Events noted under the 'Cover Provided' in this Policy.
- We will not pay a claim if Your Vehicle has any existing damage or mechanical faults at the time of Hand Back.

- The following amounts will not be included in any claim for a Shortfall Amount:

- Any arrears or deferred payments owed under the Finance Contract.
- Any early discharge penalty payment or additional interest owed under the Finance Contract.
- Any amounts rebatable for insurance or warranty contracts financed under the Finance Contract.
- Any amount of any increased liability where there has been a variation to Your Finance Contract which has not been notified to Us, and confirmed in writing by us as being covered by this Policy.
- Any GST liability unless You are not a registered entity within the meaning of the new tax system (Goods and Services Tax) Act 1999 (Cth).

- If the Vehicle that is used, or has been used as a Vehicle for rent or hire.
- If the Motor Vehicle exceeds two tonnes.
- Any amount payable by an insurer or a third party in relation to damage to the Vehicle incurred prior to the Hand Back.
- Pay any benefit under this insurance if You are under 16 or after You reach 65 years of age during the period of cover;
- Pay a benefit for more than one type of cover at any one time.

You are also not covered for any claim made following Your Death due to Critical Illness caused by or arising directly or indirectly or in any way connected with:

- You taking part in any criminal activities;
- You taking part in motor racing or horse racing;
- use or contact with nuclear materials of any kind, weapons or waste, ionising radiation or asbestos;
- aerial activity, except as a passenger in a fixed wing aircraft owned and operated by a licensed airline;
- Your suicide, attempted suicide or any deliberate or self inflicted injury or illness;
- any illness, disease, injury or condition which is a direct or indirect result of any pre-existing illness, diseases, injury and/or medical condition;
- any illness, disease, injury or condition You have:
 - which You were aware of or a reasonable person in the circumstances would have been aware of before the period of cover began, or

Policy Exclusions cont. next page

POLICY EXCLUSIONS Cont.

- for which You received advice or treatment from a registered medical practitioner or health professional within the twelve month period before:
 - the first period of cover began, or
 - the date, during the period of cover, when We agreed to increase the cover, but only in respect of that increase, or
 - the time the most recent reinstatement of the Policy occurred,
 - pregnancy, abortion or child birth or complications thereof;
- Acquired Immune Deficiency Syndrome (AIDS);
- Human Immune Deficiency Virus (HIV);
- being addicted to or under the influence of alcohol or a drug other than a drug taken under the advice of a medical practitioner;
- war, riot, civil commotion, strike, lockout or an act of terrorism;

Further You are also not covered for Disability or unemployment caused by or arising directly or indirectly or in any way connected with:

- any emotional, stress related or psychiatric condition, post-viral debilities, chronic fatigue syndrome and myalgic encephalomyelitis.
- backache, unless a Medical Practitioner provides medical evidence showing definite symptoms of restriction of movement;
- any Disability arising from disease, injury or illness occurring within 30 days of the commencement of the period of cover;
- You acting maliciously;
- Your engaging in a professional sporting activity; or
- deliberate misbehaviour resulting in unemployment.

HOW TO MAKE A CLAIM

Claim Requirements:

- You must have completed voluntary Hand Back of Your Vehicle due to a covered event as defined in the Cover Provided section of this document
- During the life of Your Policy the Vehicle must have been maintained and serviced in accordance with the Vehicle Manufacture's requirements
- Prior to any voluntary Hand back of the Vehicle any damage or mechanical faults must be rectified.

You **must** pay to the Financier any amount that exceeds the maximum benefit provided by this Policy before you voluntarily Hand Back Your Vehicle to the Dealer.

All the above requirements must be met for You to be eligible to make a claim under this Policy.

If You need to make a claim, please contact Us on 1800 99 99 77 as soon as possible.

You will need to fully complete and sign the claim form, provide Us with any information We ask from You and return the form to Us with the following documents;

All certificates and evidence required by Us shall be furnished by any claimant under this Policy at his or her expense in the form and of the nature prescribed by us. No benefits under this Policy are payable until evidence satisfactory to Us is received and We may require You to submit to a further medical examination at Our expense.

Payments or refunds under this Policy will be paid to any Financier who has funded the Premium. Our obligation to You will be satisfied to the extent of any such payment.

The Financier must agree to release any encumbrances held over the Vehicle before any claim payment will be made. This confirmation and authorisation from the Financier must be received by Us in writing.

Disability: A certificate from Your treating qualified medical practitioner confirming Your Disability.

Involuntary Unemployment: Confirmation from the appropriate government agency (Centrelink) that You are registered as unemployed and a statement from Your previous employer confirming reasons for unemployment and the period of employment, alternatively, contact details for Your last employer.

Critical Illness: A certificate from Your treating qualified medical practitioner confirming Your Critical Illness.

Personal Bankruptcy: A copy of the order of a Court confirming Your Bankruptcy status.

Divorce: A copy of the order of a Court confirming termination of the marriage.

CANCELLATION

CANCELLATION BY YOU

If You wish to cancel the Policy, You may do so at any time by providing Us with notice in writing.

If the Policy is cancelled We will retain the proportionate premium for the time that cover has been provided. We will calculate the amount of Your refund using the formulae as set out under the Uniform Consumer Credit Code.

CANCELLATION BY US

We may cancel this Policy if You:

- Made a misrepresentation to Us before entering into this Policy;
- Fail to comply with the Duty of Disclosure or the duty of utmost good faith;
- Fail to comply with a provision of the Policy; or
- Make a fraudulent claim under this or any other insurance Policy;

Cancellation Cont. next page

CANCELLATION Cont.

If We cancel Your Policy, We will give written notice to You personally or by post to Your last known address. Such notice will be effective from 4pm on the seventh day after the day it is given to You, unless it specifies a later date.

You may be entitled to a refund for the remaining period of cover, which is calculated as stated in *Cancellation by You*.

Where the Premium has been financed, You authorise Us to pay any refund direct to the Financier unless the Financier otherwise authorises the refund to be paid direct to You.

TERMINATION

This Policy will terminate on the happening of any of the following events:

- The Period of Insurance expires;
- The Policy is cancelled;
- The Finance Contract is paid out;
- You reach the age of 65 years;
- You no longer reside in Australia; or

A claim is made under this Policy, in which case no Premium refund will be payable.

DISPUTE RESOLUTION

We have an internal procedure for dispute resolution so that If at any time Our products or services have not satisfied Your expectations You can contact us.

Step 1 Talk to Us first

If You have a complaint, please give Us every opportunity to try to resolve Your complaint.

Step 2 Contact the Operations Manager

If You are not satisfied with Our initial response, Your complaint will be referred for review by the Operations Manager who would respond to You within fifteen business days.

Step 3 Contact Our Compliance Manager

If the complaint is still not resolved to Your satisfaction, You can ask the Compliance Manager to refer Your dispute to Our Internal Dispute Resolution (IDR) Committee for review. The IDR Committee members are independent and have the authority to review the decision. The IDR Committee will inform You of the final decision within fifteen business days.

Step 4 Seek an external review of the decision

If You are not satisfied with the final decision, You can seek an external review of the decision. You can approach the Financial Ombudsman Service (FOS) within three months of Us informing You of Our final decision. You can contact the FOS by:

Post: GPO Box 3, Melbourne VIC 3001

Phone: 1300 780 808

Fax: (03) 9613 6399

Email: info@fos.org.au

Website: www.fos.org.au

FOS is without cost to You and the decision of the FOS is binding on us.

CODE OF PRACTICE

The Insurance Council of Australia (ICA) has developed a voluntary General Insurance Code of Practice to which We are a signatory. This Code aims to raise the standards of practice and service within the general insurance and it includes, but is not limited to, the following:

- We will only ask for, and take into account, relevant information when selling insurance;
- Our representatives will act in an honest, fair, efficient and transparent manner;
- We will respond to routine requests for information within 10 business days; and
- We will keep You informed of the progress of Your claim.

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

LOAN TERMINATION INSURANCE POLICY

This PDS, together with the Policy Schedule, set out the terms and conditions of the insurance cover and form the basis of the contract of insurance (LTI Policy) with You.

Upon payment of the Premium applicable to the cover level selected by You, the cover provided by the LTI Policy will be activated from the inception date shown on the Policy Schedule.