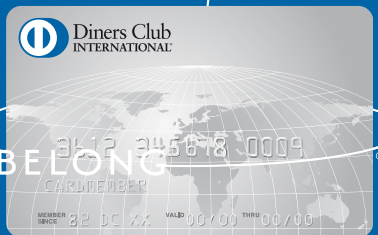




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# PERSONAL LOAN INSURANCE TERMS AND CONDITIONS

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# PERSONAL LOAN INSURANCE

## POLICY WORDING

**This policy is issued by Sovereign Assurance Company Limited (“Sovereign”, “we”, “us”, “our”) to Diners Club (NZ) Limited (“Diners Club”). It insures the repayment by eligible Diners Club borrowers (“you”, “your”) of personal loans up to a maximum of \$20,000, who are younger than 65 years of age, who have accepted the terms and conditions of the insurance cover, and who have agreed to pay the applicable premium. You are covered if you are named on the Policy Schedule provided with this policy document.**

All benefits will be paid to Diners Club for credit to your Loan Account.

Words beginning with capital letters have special meanings and are defined in the Definitions section towards the end of this policy document.

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## 1.0 The Benefits

In the event of:

### 1.1 Benefit 1 - Death of a Borrower

This policy will pay your Loan Balance, excluding any arrears of more than three months, at the date of your death, subject to a maximum of \$20,000. We will also pay a maximum of six months interest, on the Loan Balance at the rate of interest agreed between you and Diners Club that applies to the Loan from the Commencement Date (or any higher rate required by law), from the date of your death until the date upon which we make payment of your Loan Balance.

### 1.2 Benefit 2 - Disability for longer than 30 consecutive days

This policy will pay your Loan Payments while you are Disabled, for a maximum period of two years or until your Loan is repaid, whichever occurs first. This benefit becomes payable 30 days after you are certified as Disabled by a Registered Medical Practitioner.

Payments are made monthly in arrears on your regular loan instalment dates. The first benefit payment is made on the first regular loan instalment date after the 30 day stand down period and covers the period from the end of the stand down period to that loan instalment date. (Note, it is therefore possible that the payment will not cover the whole amount of the loan payment due in which case you will be responsible for paying the difference.)

#### “Disabled”/“Disability”

Incapacity caused by Accident or by Sickness which:

- (a) in Sovereign’s opinion, after considering the advice of a Registered Medical Practitioner prevents you from performing all of the main duties of your usual Full-Time Employment; or
- (b) if you are not in Full-Time Employment, which results in you being confined to hospital or to a bed at home on medical advice acceptable to us.

You are not Disabled if you are engaged in any other work, occupation or employment for financial reward.

You must, as soon as possible after an Accident or the commencement of a Sickness, attend a Registered Medical Practitioner and keep going regularly to receive their advice and treatment recommendations (which you must comply with), at your expense. If you do not do this, your claim will cease.

We may require that you undertake further medical examinations, at our expense. Additionally, we may write to your doctor to obtain further medical history, also at our expense.

All information provided to us is kept strictly confidential and will not be disclosed to any other parties without your authority.

The 30 day stand down period will be waived if, in Sovereign’s opinion, you become Disabled again from the same or a related

cause not later than three months after the original Disability benefit ceased. If the stand down period is waived, we will consider all claims resulting from the same or a related cause to be a continuation of the first claim and the applicable maximum payment period will apply.

### **1.3 Benefit 3 - Redundancy for longer than 30 consecutive days**

This policy will pay your Loan Payments while you are Redundant from Full-Time Employment, for a maximum period of six months, until you are once again in Full-Time Employment, or until your Loan is repaid, whichever occurs first. Redundancy commences on the Registration Date and becomes payable 30 days after the Registration Date.

Payments are made monthly in arrears on your regular loan instalment dates. The first benefit payment is made on the first regular instalment date after the 30 day stand down period and covers the period from the end of the stand down period to that loan instalment date. (Note, it is therefore possible that the payment will not cover the whole amount of the loan payment due in which case you will be responsible for paying the difference.)

#### **“Redundant” or “Redundancy”**

If you are made Redundant or you suffer a Redundancy, this means a situation where an employer ends your employment wholly or mainly because the position filled by you becomes surplus to the needs of the employer. It does not include situations where your employment ends due to you voluntarily electing to resign or end your employment; where you are dismissed for disciplinary reasons, or, where the employer is owned or controlled by you or a Relative of yours.

This benefit applies only if you are in Full-Time Employment and are made Redundant.

While you are Redundant, you must use your best endeavours to find Full-Time Employment.

To be able to make a second or subsequent claim for a later period of Redundancy, you must have been in Full-Time Employment for at least 6 consecutive months since the end of your last period of Redundancy.

## **2.0 Policy Exclusions**

### **2.1 Exclusions to Benefits 1 and 2**

No amount will be paid if you die or suffer a Disability within six months after the Commencement Date as a direct or indirect result of a Pre-existing Condition.

No amount will be paid if your death or Disability results directly or indirectly from either:

- you deliberately injuring yourself or attempting to do so; or
- driving a vehicle with a blood or breath alcohol level in excess of the legal limit; or
- you engaging in or being part of any conduct that is criminal; or
- taking drugs except under the directions of a Registered Medical Practitioner; or

- the normal effects of childbirth or pregnancy; or
- not following the treatment prescribed by the attending treatment providers; or
- any Sickness occurring within 14 days of the Commencement Date.

## 2.2 Exclusions to Benefit 3

No amount will be paid if the Redundancy:

- is notified to you (verbal or otherwise) within 30 days of the Commencement Date; or
- was foreseeable and you knew or should have known that the redundancy of your role was a serious possibility at the Commencement Date; or
- is the result of a strike or labour dispute in which you or your employer were involved; or
- is the result of your voluntary resignation, dismissal or retirement; or
- is caused by the closure, sale or other transfer of a business that you own or control as a majority or equal shareholder; or
- relates to seasonal, part time, contract or relief work.

## 3.0 Premiums

The Premium was included in the Initial Unpaid Balance.

If you cancel this insurance before the term of the Loan ends, you may be eligible for a partial refund of your Premium. Any refund amount will be in accordance with the calculation prescribed by the Credit Contracts and Consumer Finance Act 2004 (including any later versions of the Act).

The table below illustrates the proportion of Premium that may be refunded at selected stages throughout the life of the policy. The table below is in accordance with the calculation described above as it currently stands.

Loan Term (months)	Refund after (months)							
	3	6	9	12	15	18	21	24
12	58%	27%	8%	0%	0%	0%	0%	0%
24	77%	57%	40%	26%	15%	7%	2%	0%
36	84%	70%	57%	45%	35%	26%	18%	12%
48	88%	77%	66%	57%	48%	40%	32%	26%

Loan Term (months)	Refund after (months)							
	27	30	33	36	39	42	45	48
12	0%	0%	0%	0%	0%	0%	0%	0%
24	0%	0%	0%	0%	0%	0%	0%	0%
36	7%	3%	1%	0%	0%	0%	0%	0%
48	20%	15%	10%	7%	4%	2%	1%	0%

## 4.0 General Conditions

This Policy begins on the Commencement Date and terminates automatically when you cease to be a Borrower, on your death, when you tell us in writing that you wish to cancel this Policy, or on your 65th birthday.

You have a 15 day free look period from the date you receive your Policy. If you decide you do not want this Policy for any reason, return it to us within the free look period and we will cancel this Policy and refund the premium that you have paid.

You may cancel this Policy at any time by giving written notice to us. We may cancel all Diners Club Personal Loan Insurance policies, including yours, by giving Diners Club 30 days prior written notice. Diners Club will advise you if such cancellation takes place. If such cancellation takes place, you may be entitled to a refund of premiums as set out in Section 3 above.

The most we will pay under this Policy is the lesser of the Initial Loan Amount and \$20,000. We can change the terms of this Policy at any time by writing to you. We must give you 30 days notice of any changes. We will make the same changes to all existing policies of the same type.

You cannot assign this Policy or any of your rights under it to anyone.

Cover under this Policy applies 24 hours a day anywhere in the world.

Diners Club will receive remuneration from Sovereign for selling this Policy to you.

This Policy is governed by, and will be interpreted in accordance with, the laws of New Zealand.

## 5.0 How to Claim

If you wish to make a claim on this policy, you (or your representative if you are unable to do so), should phone us on 0800 768 346. You or your representative should notify us as soon as possible, but no later than 30 days after the event giving rise to the claim taking place. Sovereign shall not be liable to pay a benefit for any period occurring more than 30 days before the date we are notified of a claim.

When you or your representative phones us, we will send a claim form which you or your representative must complete and return to us with any other information we require.

If a completed claim form is not received by us within 30 days after we have sent the claim form to you and, as a result, our management of the claim is disadvantaged by your delay, we may not have to pay your claim, or we may pay a reduced amount.

To assess your claim, we will require that you authorise the disclosure to us of all medical and other information which we consider relevant

to your claim. You are responsible for providing any certificates or other evidence required to support your claim, at your own expense.

We may cancel your Policy and keep all Premiums you have paid if any false or materially incorrect information is included in, or material information is omitted from, any claim form or any declaration made by you, regardless of whether such information was sourced from you or from a third party. This will mean that your claim will not be paid.

## 6.0 Declaration

By paying the Premium for this Policy and retaining it beyond the 15 day free look period, you have accepted this Policy and you declare that you understand the nature of the Policy and agreed that the Policy meets your needs.

## 7.0 Definitions

### **“Accident”**

An external or internal bodily injury caused directly or solely by violent accidental external and visible means, not attributable to any other event. The Accident must be unintended and unexpected.

### **“Application”**

Your request to Diners Club for insurance coverage under this Policy.

### **“Borrower”**

The person named in the Policy Schedule.

### **“Commencement Date”**

Your insurance cover starts on the latter of:

- The date on which Diners Club advances the Loan; and
- The date the Policy Schedule was issued.

### **“Disabled / Disability”**

See Section 1.2 of this Policy for the meaning of these words.

### **“Full-Time Employment”**

Permanent employment for financial gain with the same employer for at least 3 months and for a minimum of 25 hours a week.

### **“Initial Unpaid Balance”**

The amount of the Loan as at the date the Loan is advanced as shown in the Policy Schedule.

### **“Loan”**

The loan which is insured under this Policy, details of which are shown in the Policy Schedule.

### **“Loan Balance”**

The outstanding balance of the Loan at a particular date.

### **“Loan Payment”**

The regular instalment amount required to be paid by you on a fortnightly or monthly basis during the term of the Loan in order

to repay the Loan and interest on the Loan, but not including any arrears owing.

**“Policy”**

The terms contained in this policy document.

**“Policy Schedule”**

The latest Policy Schedule that Diners Club has given to you for this Policy showing the details of your Personal Loan Insurance cover, including any endorsements made by us or Diners Club.

**“Pre-existing Condition”**

Any Sickness, injury or degenerative condition that existed before the Commencement Date, unless Sovereign is satisfied that you could not have known of the existence, or the existence of any symptoms, of the Sickness, injury or degenerative condition.

**“Premium”**

The premium amount paid by you at the outset of the Policy in order to maintain personal loan insurance coverage during the term of the Loan. The Premium is calculated based on the term of the Loan and the Initial Loan Amount.

**“Redundant / Redundancy”**

See Section 1.3 of this Policy for the meaning of these words.

**“Registered Medical Practitioner”**

A person, acceptable to Sovereign, who is registered and practicing as a medical practitioner in New Zealand or Australia, other than:

- You;
- A member of your immediate family;
- Your business partner or associate.

**“Registration Date”**

The date on which you register with a government labour office (WINZ or any labour office in replacement of WINZ) as unemployed.

**“Relative”**

A spouse, de facto spouse, person you are living with in the nature of marriage, parent, step parent, child, step child, or sibling.

**“Sickness”**

Any sickness, illness or disease.

## 8.0 General Information

Diners Club Personal Loan Insurance is underwritten by Sovereign Assurance Company Limited, 74 Taharoto Road, Takapuna, Private Bag Sovereign, Victoria Street West, Auckland 1142.

Sovereign, the policy insurer, is part of the Commonwealth Bank of Australia Group and is a related company of ASB Bank Limited and its subsidiaries ('the Banking Group'). Neither the Banking Group, the Commonwealth Bank of Australia, nor any of their directors, nor any other person guarantees Sovereign or its subsidiaries, nor any of the products issued by Sovereign or its subsidiaries.

Sovereign has an "A+ (Superior)" claims payment rating assigned by A.M. Best Company Inc. of New Jersey, United States of America ("A.M. Best"). This rating was last confirmed by A.M. Best on 21 December 2011.

The rating scale is:

<b>Secure</b>	<b>Vulnerable</b>
A++, A+ (Superior)	B, B- (Fair)
A, A- (Excellent)	C++, C+ (Marginal)
B++, B+ (Good)	C, C- (Weak)
	D (Poor)
	E (Under Regulatory Supervision)
	F (In Liquidation)
	S (Suspended)

A.M. Best is an approved insurance rating agency in terms of the Insurance (Prudential Supervision) Act 2010.

The claims paying rating assigned by A.M. Best may be subject to revision or withdrawal at any time by A.M. Best.

Sovereign's financial statements are available on request.





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