

Loan Protection Insurance

# A little protection makes a big difference.

Combined Financial Services Guide and Product Disclosure Statement

Prepared on 25th May 2009



**GE Money**

Simplifying money matters

# What Loan Protection can do for you.

Did you know that each year approximately 200,000 full time employees are made involuntarily unemployed?\* Or that 2.2 million Australians of working age have a disability?\*\*

You can't predict what might be around the corner. But you can do your best to look after your finances in case you lose your job, your health or your life.

Loan Protection covers your loan in the event of Death, Accidental Death, Disability and Involuntary Unemployment. It only adds a little extra to your loan repayment, and it provides some security in uncertain times.

You never know what life will throw at you, but it's reassuring to know you've got things covered.

\* Australian Bureau of Statistics.

\*\* [www.diversityatwork.com.au](http://www.diversityatwork.com.au)

# A simple guide to Loan Protection cover.

Death Cover	Pays out the outstanding loan amount, up to \$100,000.
Accidental Death Cover	Pays an additional benefit equal to the death benefit (up to \$100,000) paid to the estate of the insured, if the death is by accident.
Disability Plus Cover	Pays the monthly loan repayments if you are sick or injured and can't work, up to \$1,500 per month, PLUS
Cash Boost	Pays a one off cash payment in the event of cancer, heart attack or stroke.
Involuntary Unemployment Cover	Pays the monthly loan repayments if you lose your job unexpectedly, up to \$1,500 for a maximum of 3 months.
Eligibility	<ul style="list-style-type: none"><li>• Australians aged 18-70</li><li>• Other situations not covered are on page 7.</li></ul>
Cooling-off period	30 day cooling-off period.

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# Financial Services Guide (FSG)

## About this FSG

This FSG has been designed to help you to decide whether to use any of the financial services offered in it. This FSG contains information about:

- how we and other relevant persons are remunerated in relation to those services; and
- how complaints are dealt with.

This FSG is given on behalf of:

- Hallmark General Insurance Company Ltd. ABN 82 008 477 647 AFSL 243478 (**Hallmark General**); and
- GE Personal Finance Pty Ltd ABN 54 008 443 810 AR 260528, an authorised representative of Hallmark General.

Both Hallmark General and GE Personal Finance have authorised the distribution of this FSG.

## About us

Hallmark General, Hallmark Life Insurance Company Ltd. ABN 87 008 446 884 AFSL 243469 (**Hallmark Life**) and GE Personal Finance are all members of the GE group of companies and all trade as GE Money.

The contact details for Hallmark General and Hallmark Life are set out on page 4.

You can contact GE Personal Finance by writing to 572 Swan St, Richmond, Victoria 3121, or by telephoning your local GE Money branch.

Hallmark General and GE Personal Finance are authorised to do the following in relation to the covers available under the Loan Protection for Personal Loans policy:

- issue a financial product;
- vary or dispose of a financial product (Hallmark General only);
- arrange for the issue, variation or disposal of a financial product; and
- provide financial product advice.

Hallmark General and GE Personal Finance enter into contracts for Death Cover on behalf of Hallmark Life, under a binder. A binder authorises a person to issue an insurance policy as though they were the insurer. GE Personal Finance also enters into contracts for Disability Plus Cover and Involuntary Unemployment Cover on behalf of Hallmark General under a binder.

Hallmark General and GE Personal Finance provide financial product advice on behalf of Hallmark General. They provide the other financial services set out above on behalf of Hallmark General and Hallmark Life as the insurers of the relevant covers and Hallmark General as licensee.

## Our compensation arrangements

The Australian Prudential Regulation Authority (APRA) supervises the financial obligations Hallmark General and Hallmark Life have to their customers including arrangements for compensating retail clients for losses that they may suffer as a result of Hallmark General, Hallmark Life or their representatives breaching Chapter 7 of the Corporations Act. On this basis, Hallmark General and Hallmark Life are exempt from the requirements for compensation arrangements under s912B of that Act.

## Remuneration and other benefits

### Hallmark General

Hallmark General provides support services to Hallmark Life and is paid for those services monthly, on an 'at cost' basis, eg each month Hallmark Life pays Hallmark General a share of the office rent as it falls due.

### GE Personal Finance

GE Personal Finance is paid a commission in the month after the premium is received at 20% of the premium, before government charges (see page 9).

### Employees

Employees of GE Personal Finance are paid a salary and are also eligible for annual and other discretionary performance bonuses of between 0% and 25% of their salary over the year, based on the achievement of pre-determined business objectives as to the number of insurance policies sold.

## If you have a complaint

Details of our dispute resolution procedures are set out on page 10.

# Product Disclosure Statement (PDS)

## About this PDS

This PDS contains information about the Loan Protection for Personal Loans policy. It is designed to help you to decide whether to buy the policy. The insurance we offer is optional. It is important that you read and consider the information in this PDS carefully to understand the extent of the cover provided by the policy, and its limitations, before you decide to buy it.

The insurers are Hallmark General Insurance Company Ltd. ABN 82 008 477 647 AFSL 243478 (**Hallmark General**) and Hallmark Life Insurance Company Ltd. ABN 87 008 446 884 AFSL 243469 (**Hallmark Life**). They both take full responsibility for the whole of this PDS.

## Our contact details

You can contact us and give us instructions by:

- telephoning 1800 800 230 during business hours (8.30am to 5pm Sydney time) Monday to Friday;
- writing to GE Money at GPO Box 1571, Sydney NSW 1025; or
- sending a fax to (02) 8249 3885 for administration and cancellations or (02) 8249 3884 for claims.

You can also telephone, visit or write to your local GE Money branch.

## Policy summary

Subject to the terms of the policy wording (a copy of which is available on request), the Loan Protection for Personal Loans policy:

- pays out your loan with GE Personal Finance up to \$100,000, if you die (**Death Cover**), and in addition pays an amount equal to the death benefit up to \$100,000, to your estate, if your death is the result of an accident (**Accidental Death Cover**); and
- pays your monthly loan repayments up to \$1,500 if you cannot work for more than 14 days due to injury or illness (**disability**), and a once only cash benefit (**Cash Boost**) of 10% of the principal of the loan or \$500, whichever is the greater, up to \$5,000, after 30 days, if you suffer from a heart attack, a stroke or cancer (**Disability Plus Cover**); and
- pays your monthly loan repayments of up to \$1,500 for up to 3 months if you cannot work due to involuntary unemployment (**Involuntary Unemployment Cover**).

Subject to eligibility, you can choose all 3 covers or a combination of covers. However, Involuntary Unemployment Cover is only available with Disability Plus Cover, or with Disability Plus Cover and Death Cover. It is not available on its own or with just Death Cover.

Where there are two borrowers for Death Cover, Disability Plus Cover and Involuntary Unemployment Cover, you can choose to cover just one borrower (single cover) or both borrowers (joint cover). With joint cover:

- if either of you die, become disabled, or are diagnosed with cancer, a heart attack or stroke or are involuntarily unemployed – we pay the relevant benefit under the policy; and
- if both of you die, become disabled or are diagnosed with cancer, a heart attack or stroke or are involuntarily unemployed – we pay the relevant benefit under the policy, but only once.

The table below shows the 3 types of cover available under the policy and the benefit limits. The examples are illustrative only.

## Death Cover

### Options

Single cover or joint cover

### Benefits and Limits

#### 1. Death Cover

If you **die**, we will pay the outstanding amount of the loan, or the principal amount, whichever is less, as at the date of your death, up to a maximum of \$100,000 .

#### 2. Accidental Death Cover

If your **death is as the result of an accident**, we will pay an **additional benefit** equal to the Death Benefit (up to a maximum of \$100,000) to your estate.

**Example:** If your death was caused by a car accident, we pay the death benefit of \$25,000 to the loan and then pay the Accidental Death Benefit of \$25,000 to your estate.

**Example:** Your loan balance is \$25,000. We pay \$25,000.

Full details are found in the policy wording.

## Disability Plus Cover

### Options

Single cover or joint cover

### Benefits and Limits

#### 1. Disability

If you become **disabled as a result of sickness or injury**, after a 14 day qualifying period **we will pay your monthly loan repayment** until you cease to be totally disabled, return to any gainful occupation or until the policy ends (whichever occurs first). Your benefit is calculated on a daily basis for periods of less than one whole calendar month.

The maximum monthly payment we will pay is \$1,500. There is no limit to the number of claims you can make during the period of insurance.

**Example:** Your monthly repayments are \$300. After the 14 day qualifying period, 10 repayments fall due while you are still disabled. We pay a total of \$3,000.

For the purposes of this cover:

- you are disabled if, due to injury or sickness, you are entirely prevented from engaging in all of the duties of an occupation for which you are reasonably suited;
- injury means bodily injury caused solely by an accident which happens by chance during the period of insurance;
- sickness means an illness or disability which first becomes evident during the period of insurance; and
- your disability must be certified by a medical practitioner acceptable to us.

#### 2. Cash Boost

If you are **diagnosed with cancer, a heart attack or stroke and you survive for at least 30 days after the date of diagnosis**, we will pay a one off cash benefit of 10% of the principal amount under the loan, or \$500, whichever is the greater.

The maximum we will pay is \$5,000.

**Example 1:** The amount you borrowed (the principal amount) under the loan is \$25,000. We pay you \$2,500.

**Example 2:** The amount you borrowed (the principal amount) under the loan is \$4,000. We pay you \$500.

For the purposes of this cover:

- cancer means any malignant tumours characterised by the uncontrolled growth and spread of malignant cells and the invasion and destruction of normal tissue;
- heart attack means the death of a portion of the heart muscle as a result of inadequate blood supply;
- stroke means the first occurrence of a cerebrovascular accident or incident producing permanent neurological deficit resulting in permanent impairment to 25% of whole person function.

Full details are found in the policy wording.

## Involuntary Unemployment Cover

### Options

Single or joint cover

### Benefits and Limits

If you are **involuntarily unemployed, we will pay your monthly loan repayment** until you return to work or any gainful occupation, up to a maximum period of 3 months for any one claim. Your benefit is calculated on a daily basis for periods of less than one whole calendar month.

We will only pay the benefit after a qualifying period. The qualifying period is:

- 14 days if you have been working for 12 consecutive months or more; and
- 60 days if you have been working for less than 12 consecutive months.

The maximum monthly payment we will pay is \$1,500. After each claim you must complete a 3 month period of continuous and regular work of at least 20 hours per week for salary or wages to become eligible for further claims. There is no limit to the number of claims you can make.

**Example 1:** Your monthly repayments are \$300. After the qualifying period, 2 repayments fall due while you are still unemployed. We pay a total of \$600.

**Example 2:** Your monthly repayments are \$500. After the qualifying period, 4 repayments fall due while you are still unemployed. We pay a total of \$1,500 (i.e. we pay the monthly payment of \$500 for the maximum period of 3 months).

For the purposes of this cover, you are involuntarily unemployed if you have been made redundant, your employment terminated or your business stops trading (and it is not of a voluntary nature).

Full details are found in the policy wording.

Benefits for Death, Disability and Involuntary Unemployment are paid directly to your loan account to reduce or extinguish your debt. A benefit under Accidental Death is paid to the estate of the insured person and Cash Boost benefits are paid to the relevant insured.

We do not pay Disability benefits when we are paying benefits for Involuntary Unemployment for the same period, and vice versa.

This means that at any given point in time we pay only one monthly benefit.

### Some situations that are not covered

The policy does not cover:

- a disability or period of involuntary unemployment which occurs in the first 30 days after the policy begins;
- the first 14 days of a disability;
- a disability or involuntary unemployment due to normal pregnancy, childbirth or abortion;
- a disability or involuntary unemployment due to you taking part in a criminal activity;
- the first 14 days of a period of involuntary unemployment where the period of continuous employment is 12 months or greater;
- the first 60 days of a period of involuntary unemployment where the period of continuous employment is less than 12 months;
- sickness or injury which you had symptoms of, or treatment for, within the 12 months before the policy began and you required further treatment within the 12 months after the policy began;
- unemployment about which you know before the policy begins, voluntary redundancy, resignation or early retirement;
- unemployment at the end date of a contract under which you have been employed seasonally or for a specified task or duration;
- unemployment due to you engaging in serious or deliberate misconduct, or taking part in a strike;
- unemployment due to sickness, accident or injury; or
- involuntary unemployment unless you are in receipt of unemployment benefits from Centrelink, or, if you are not eligible for unemployment benefits, or you are registered as unemployed and looking for employment.

Some situations where a Cash Boost benefit will not be paid:

- if you die within 30 days from the date of diagnosis of cancer, a heart attack or stroke; or

- if you suffer from cancer, a heart attack or a stroke within the first 90 days of the policy.

There are other situations that are not covered. Full details are in the policy wording.

### When does the policy end?

The policy ends and we stop paying on the earliest of the following dates:

- the expiry date of the period of insurance;
- the date your finance contract is paid out;
- the date you cease to be an Australian resident, unless we agree in writing to continue the policy;
- the date the policy is cancelled by you or us; or
- the maximum benefit under the policy is paid.

### About consumer credit insurance generally

Loan Protection for Personal Loans is a form of consumer credit insurance that does any one or more of the following:

- pays out your loan if you die or are diagnosed with a critical illness; or
- pays your monthly loan repayments if you cannot work due to injury or illness, or involuntary unemployment.

You can arrange consumer credit insurance with an insurer of your choice.

## About the premium

### Death Cover

The amount of the premium for Death Cover depends on 3 factors, as shown in the following table:

Rating factor	Effect on the premium amount
The term of your loan	Premium increases as term increases
The amount of your monthly loan repayment	Premium increases as repayment increases
The interest rate on your loan	Premium increases as interest rate increases

If you have joint cover, we'll use the single premium rate to calculate the premium and then discount the total by 40%.

### Disability Plus Cover

The amount of the premium for Disability Plus Cover depends on 2 factors, as shown in the following table:

Rating factor	Effect on the premium amount
The term of your loan	Premium increases as term increases
The amount of your monthly loan	Premium increases as loan amount increases

If you have joint cover, we'll use the single premium rate to calculate the premium and then discount the total by 20%.

## Involuntary Unemployment Cover

The amount of the premium for Involuntary Unemployment Cover is simply 40% of the amount for Disability Plus Cover, plus \$13.

If you have joint cover, we'll use the single premium rate to calculate the premium and then discount the total by 20%.

## When and how is the premium payable?

We will tell you the amount of the premium (including GST and stamp duty) when we offer the policy to you. The premium is paid once only. It is payable at the time of the loan and can be added to your loan account.

## Commission

GE Personal Finance is paid commission in the month after the premium is received by the insurer shown in the table below, at the following rates before government charges:

Cover	Insurer	Commission
Disability Plus Cover & Involuntary Unemployment Cover	Hallmark General	20% of the premium
Death Cover	Hallmark Life	20% of the premium

For example, if the premium for Death, Disability Plus & Involuntary Unemployment Covers before government charges is \$200, then the commission would be \$40.

## Who can apply?

You can apply for the policy if you are at least 18 years of age when the policy begins and not more than 70 years when it is due to end.

## How to apply

To apply, you will have to complete an application form. Our representative can help you to do this.

When you apply, you are required to be truthful.

## Cancelling the policy

### During the cooling-off period

If you change your mind within 30 days after you receive your policy, you can cancel it in that period and obtain a full premium refund by telephoning or writing to us.

### After the cooling-off period

You can also cancel the policy at any time after the cooling-off period by writing to us. We will refund the premium for the unexpired part of the period of insurance. In calculating the refund, a greater proportion of the premium is allocated to the earlier months of the period of insurance to reflect the greater outstanding loan amount during those earlier months, and a lesser proportion of the premium is allocated to the later months when the outstanding balance has decreased.

## If you have a complaint

If you have a complaint, please contact us first. We have a free internal dispute resolution procedure which you can access by telephoning 1800 800 230 toll free or by writing to GE Money at GPO Box 1571, Sydney NSW 1025.

If your complaint is not resolved in this way, you can contact the following independent and impartial body that provides a free external dispute resolution procedure:

### **Financial Ombudsman Service**

GPO Box 3

Melbourne VIC 3001

Telephone: 1300 78 08 08

Fax: (03) 9613 6399

Email: [info@fos.org.au](mailto:info@fos.org.au)

[www.fos.org.au](http://www.fos.org.au)

We have a brochure 'Do you have a complaint relating to insurance?' which contains further details of these procedures. A copy is available on request.

Hallmark General follows the General Insurance Code of Practice which is on the Insurance Council of Australia's website at [www.ica.com.au](http://www.ica.com.au)

## Our Pledge to you

If you purchase insurance from us, have we -

1. **Told you** that the purchase of insurance is **entirely optional** and that the choice of insurance is yours alone?
2. **Told you** that it is **never** a condition of the loan that you purchase insurance?
3. **Told you** how much your loan repayments will be **without** insurance being included, so that you can make a fully informed decision?
4. **Told you** that you have the **right to cancel** the insurance within 30 days if you change your mind – no questions asked?
5. **Explained** that the advice you have received is general in nature and that you should consider whether it is **appropriate** for you?
6. **Taken you** through the Combined Financial Services Guide & Product Disclosure Statement to ensure you understand our products and services before making **your decision** to purchase insurance?

It is **Our Pledge to You** that we will do all these things to ensure you are totally satisfied with your insurance purchase. If we have not, please bring it to our attention.



 Call **1800 800 230**

 Visit your local branch

 Visit **gemoney.com.au**

GE Insurance Fax 02 8249 3884, GPO Box 1571 Sydney NSW 1025



imagination at work