

Product Disclosure Statement and insurance policy

Preparation date: 1 April 2010

Insurer: Swann Insurance (Aust) Pty Ltd ABN 80 000 886 680 AFS Licence No. 238292

Life and CashAssist Insurer: National Mutual Life Association of Australasia Ltd. ABN 72 004 020 437. AFSL 234649

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Welcome to the security of Swann Insurance

This PDS is important

This Product Disclosure Statement and Insurance Policy (PDS) contains important information required under the Corporations Act 2001.

Please read this PDS before you apply for insurance.

This insurance is only available at the commencement of your Loan contract.

This PDS sets out the terms, conditions and limits that apply for the insurance we offer to you. If you have paid the Premium and we accept your application for insurance, you will receive a Policy schedule that sets out details of the insurance you have taken out. It is your responsibility to make sure that all details contained on the Policy schedule are correct.

Our agreement with you is made up of your application, this PDS, the Policy schedules and endorsements we send to you. Endorsements are notices we send to confirm any change to your insurance.

Keep this PDS in a safe place. You may want to refer to it from time to time.

It is your choice as to whether or not you insure with us.

If you need more information about this insurance, please contact us.

The information in this PDS was current at the time of preparation. However, some information may change from time to time. If a change is significant, we will issue a supplementary PDS or replacement PDS. If a change is not significant, you can obtain a copy of the updated information free of charge by contacting us.

Introduction

Who are the insurers

For Disablement, Hospitalisation, and Involuntary unemployment Monthly benefits - Swann Insurance (Aust) Pty Ltd is the insurer, Australian Business Number 80 000 886 680, Australian Financial Services Licence Number 238292. In this PDS Swann Insurance (Aust) Pty Ltd is called 'we', 'us', 'our', or 'Swann Insurance'.

For Life and CashAssist benefits – Swann Insurance holds an insurance policy issued by The National Mutual Life Association of Australasia Ltd, Australian Business Number 72 004 020 437, Australian Financial Services Licence Number 234649 (National Mutual) on trust for Loan Protection Insurance customers.

Swann Insurance administers the Life and CashAssist benefits. The administration function includes collecting Premium, processing insurance applications and managing claims. Our liability for the Life and CashAssist benefits is limited to these activities.

Who is insured

The person or persons named as the insured when you applied for this insurance and named on the Policy schedule. In this PDS that person or persons are called 'you' or 'your'.

The purpose of this PDS

This PDS has been prepared to assist you in understanding this insurance and making an informed choice about your insurance requirements.

How to apply for insurance

Complete our application. If we accept your application for insurance, you will receive a Policy schedule that confirms cover and sets out the details of the insurance you have taken out.

If you apply for this insurance and your answers to our questions are entered into our Internet based system, you will be provided with a copy of the questions we have asked and the answers you provided relating to the assessment of your particular risk.

General Insurance Code of Practice

Swann Insurance has adopted the General Insurance Code of Practice. The purpose of the code is to raise the standards of practice and service in the general insurance industry.

The objectives of the code are:

- ◆ to promote better, more informed relations between insurers and their customers,
- ◆ to improve consumer confidence in the general insurance industry,
- ◆ to provide better mechanisms for the resolution of complaints and disputes between insurers and their customers, and
- ◆ to commit insurers and the professionals they rely upon to higher standards of customer service.

If you would like more information about the code, please contact us.

Your duty of disclosure

What you need to tell us

You must tell us anything that you know, or should know, which could affect our decision to insure you and/or the terms on which to insure you. You must do this when you apply for insurance, renew your insurance or when you change or reinstate your insurance. When we ask you specific questions, you must answer these questions truthfully and in a way that a reasonable person in the circumstances would answer them. It is important that every person who will be insured by this insurance answers all questions in this way. These are requirements of the Insurance Contracts Act 1984.

What you do not need to tell us

You do not need to tell us anything that:

- ◆ reduces our risk,
- ◆ is of common knowledge,
- ◆ we know, or as an insurer should know, or
- ◆ we indicate that we do not want to know.

What will happen if you do not tell us

If you withhold relevant information or you do not answer our questions in the way we have described, we can reduce the amount we pay you for your claim, or we can cancel your insurance. If your failure to tell us is fraudulent, or your answers are untruthful, we can treat your insurance as if it never existed.

If you do not understand

If you do not understand your duty, please contact us.

Important information

Before you apply for insurance

You are not obliged to purchase this insurance and insurance can be arranged through a different insurer.

This insurance provides Consumer Credit Insurance which has been developed to assist you to meet your loan repayments on your behalf in the event of your Disablement, Hospitalisation or Involuntary unemployment or to pay the outstanding balance of your loan if you die, or to pay you a benefit if you suffer Trauma. The amount paid on a claim is measured by reference to your liability under your loan and is subject to the benefit limits set out in this PDS.

This insurance has been designed for loans where the Loan obligation outstanding balance reduces as each loan repayment has been made.

We issue your insurance relying on:

- ◆ the information you provide in answer to our questions when you apply for insurance, and
- ◆ you meeting the entry age conditions when we accept your application for insurance, and
- ◆ you being engaged in Permanent and gainful employment and you are not under notice of dismissal when we accept your application for insurance. This does not apply to Life and CashAssist covers.

The way we handle your personal information

We collect personal information from you for the purpose of providing you with insurance products, services, and processing and assessing claims.

You can choose not to provide this information, however, we may not be able to process your requests.

We may disclose information we hold about you to:

- ◆ other insurers,
- ◆ an insurance reference service,
- ◆ our service providers and/or advisers,
- ◆ any third party with whom you have been dealing in respect of this insurance and who referred you to Swann Insurance,
- ◆ any other third party as permitted or required by law.

In the event of a claim, we may disclose information to and/or collect additional information about you from investigators or legal advisers.

When you apply for insurance you can select to receive offers of products and services which may be of benefit to you. During the Period of insurance we may, or any other organisation we authorise may, provide these offers. You may be contacted in writing, by phone or other electronic means. If you do not wish to receive these offers you can select not to receive them when you apply for this insurance, or you can contact us at any other time.

If you wish to update or access any information, please contact us.

Authority to act

Swann Insurance has relationships with authorised representatives and other licensees who sell Swann Insurance policies.

Swann Insurance may pay remuneration to authorised representatives and other licensees of up to 20% of your Premium, excluding government charges.

Your cooling-off period

If you decide that you do not wish to continue with this insurance, you have 21 days after the Commencement date of this insurance to request cancellation. To do this, you must advise us in writing. We will provide you with a full refund of Premium paid, providing you have not made a claim under this insurance.

Costs

The Premium payable by you will be shown on your Policy schedule.

The key factors that influence the Premium calculations are reflected in the questions asked, and information sought, at the time of your enquiry or application for insurance.

These include factors relating to:

- ◆ the particular cover or combination of covers you select,
- ◆ the frequency with which claims occur,
- ◆ for Disablement, Hospitalisation, and Involuntary unemployment covers, the period of Disablement, Hospitalisation, and Involuntary unemployment claims,
- ◆ the term of your loan,
- ◆ the amount of your loan and its repayments, and
- ◆ for Life cover, the expected mortality rates.

Premiums are subject to Commonwealth and State taxes and/or charges. These include the Goods and Services Tax and stamp duty. The amount of these taxes and/or charges will be shown on your Policy schedule.

If we are unable to issue your insurance when we receive your application, we are required to hold your Premium in a trust account on your behalf until your insurance can be issued. We will retain any interest payable by our bank to meet, among other things, bank fees and other bank costs we incur in operating the account.

Previously declined cover

You do not need to tell us about an insurer who refused to cover you or renew your policy, if the insurer informed you that refusal was not due to an assessment of your particular risk. This includes where the insurer no longer issues that type of insurance.

Additional cover

If you require cover on a new loan or additional cover, you must apply for a new policy.

Words that have a special meaning

Some of the words in this PDS have special meanings. These words and their meanings are listed below.

Avian influenza

An influenza virus that occurs naturally among birds and can be transmitted to humans. Avian influenza is commonly called Bird flu.

Cancer

The first unequivocal diagnosis 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:

- ◆ tumours treated by endoscopic procedures alone and tumours classed 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 spread to lymph nodes or distant tissues.
- ◆ Kaposi's sarcoma and other tumours caused by AIDS.

Commencement date

The later of the date the first loan monies are advanced (the settlement date of your loan obligation) or the date we accepted your application for this insurance.

Coronary artery surgery

Coronary artery bypass grafting surgery performed via a thoracotomy.

Date of Trauma

The date on which in our opinion the Trauma has been proved to have occurred.

Disablement

For the first 12 months of a claim, your total and continuous inability due to illness or injury to perform the duties of your usual occupation. After the first 12 months of a claim, your total and continuous inability to perform an occupation for which you are reasonably qualified by education, training or experience.

This must be certified by a legally qualified Medical practitioner and you must not be engaged in work or an occupation for remuneration or profit.

Epidemic influenza

A widespread outbreak of an influenza virus.

Heart attack

A diagnosed acute myocardial infarction that has been documented by the occurrence of chest pain and electro cardiographic evidence and appropriate elevation in cardiac enzymes.

Hospitalised

Being admitted as an in-patient to a hospital, but does not include being admitted to a facility for the care of mental or nervous illness or convalescence.

Involuntary unemployment

If you are:

- ♦ working for wages or income, your involuntary termination from Permanent and gainful employment and being certified as unemployed by the appropriate Australian government agency. This also means your termination was not due to voluntary unemployment, voluntary redundancy, wilful misconduct or reaching retirement.
- ♦ self-employed, or in a partnership, your termination from Permanent and gainful employment arising from the business ceasing to operate due to actual or imminent insolvency or business factors beyond your reasonable control and the business is being wound up or placed in the control of an insolvency or bankruptcy administrator.

Loan obligation outstanding balance

The amount of principal (including outstanding residual or balloon payment) owing under the loan obligation.

Medical practitioner

A person qualified and registered to practise medicine in Australia, who is acceptable to us. This cannot be yourself, or a member of your immediate family.

Monthly benefit

The regular monthly repayment (excluding any residual or any balloon payments) selected and shown in the Policy schedule, or

- ♦ for Disablement and Hospitalisation benefits, \$2,500, and
- ♦ for Involuntary unemployment benefit, \$2,000,

whichever is the lesser.

Pandemic influenza

An influenza virus that spreads through an entire continent.

Period of insurance

The period of cover shown on the Policy schedule.

Permanent and gainful employment

You are:

- ♦ working on a permanent and continuous basis for wages or income for a minimum of 20 hours every week and you are not in employment of a seasonal, casual, temporary or non-renewable contract nature, or
- ♦ self-employed, or in a partnership, and working on a permanent and continuous basis for a minimum of 20 hours every week and you are not self-employed on a seasonal, casual, temporary or non-renewable contract nature.

Policy schedule

The most recent schedule we give you describing the terms and conditions that are specific to your insurance. This also includes any amendments we send you in writing.

Premium

The amount you pay for the insurance.

Stroke

Any infarction of brain tissue due to a cerebro-vascular incident and which is associated with evidence of a neurological deficit that creates permanent functional impairment. It does not mean infarction of brain tissue as a result of bodily injury caused by violent, accidental, external and visible means.

Terrorism

Any act which may, or may not, involve the use of, or threat of, force or violence where the purpose of the act is to further a political, religious or ideological aim or to intimidate or influence a government (whether lawfully constituted or not) or any section of the public.

Trauma

A Heart attack, Coronary artery surgery, Stroke or Cancer which occurs during the Period of insurance beyond 90 days from the Commencement date.

War or warlike activities

War (including war service), an act of a foreign enemy, hostilities or war like operation (whether war is declared or not), civil commotion, civil war or rebellion.

The insurance cover you select

When you take out your insurance you have a choice of covers to select from. Subject to meeting our acceptance criteria, you may select the combination of covers that you require.

You must select Disablement and Hospitalisation cover if you wish to select Involuntary unemployment cover.

CashAssist benefit cannot be purchased as the only cover. It must be purchased with at least one other cover.

The type of cover you have is stated on the Policy schedule.

The cover provided by this insurance may vary from the prescribed standard cover. It is therefore important that you read, retain and understand this PDS.

What you are insured for

Provided you have paid the Premium, and we have accepted your application, we agree to insure you during the Period of insurance for the type of cover selected and stated on the Policy schedule, subject to the terms, conditions and limits of this PDS.

What we pay

Life insurance benefit	<p>In the event of your death, we will pay, on behalf of the Life insurer, the lesser of:</p> <ul style="list-style-type: none"> the Loan obligation outstanding balance as at the date of death (less any repayments overdue for more than 2 months), or \$100,000. <p>For example, if your Loan obligation outstanding balance at the date of your death is \$65,000, we will pay \$65,000.</p>
Disablement benefit & Hospitalisation benefit	<p>For each day of Disablement, excluding the first 14 days, we will pay 1/30th of the Monthly benefit.</p> <p>If you are Hospitalised due to illness or injury, we will pay 1/30th of the Monthly benefit for each day you are Hospitalised excluding the first 5 days.</p> <p>The most we will pay for the Hospitalisation benefit in total during the Period of insurance is \$6,000.</p> <p>For example, you are disabled due to an accident, and you are unable to work for 45 days. If your Monthly benefit is \$600 we will pay 1/30th of \$600 for each day after the first 14 days. We will pay \$620 for 31 days.</p> <p>Another example, if you are disabled due to illness and you are Hospitalised for 12 days. If your Monthly benefit is \$600 we will pay 1/30th of \$600 for each day after the first 5 days. We will pay \$140 for 7 days.</p>
Involuntary unemployment benefit	<p>For each day of Involuntary unemployment, excluding the first 21 days, we will pay 1/30th of the Monthly benefit for up to 90 days.</p> <p>No Involuntary unemployment benefit will be paid if the Involuntary unemployment occurred within 12 months after the last day paid under a previous Involuntary unemployment claim.</p> <p>The most we will pay under this policy is \$3,000 no matter how many times you become Involuntarily unemployed.</p> <p>For example, if you become Involuntarily unemployed, and you remain unemployed for 60 days. If your Monthly benefit is \$600 we will pay 1/30th of \$600 for each day after the first 21 days. We will pay \$780 for 39 days.</p>

Total benefit	<p>The most we will pay in aggregate of Life, Disablement, Hospitalisation and Involuntary unemployment benefits during the Period of insurance is \$100,000.</p>
CashAssist benefit	<p>In the event of you suffering a Trauma, we will pay, on behalf of the CashAssist insurer the lesser of:</p> <ul style="list-style-type: none"> the Loan obligation outstanding balance, or \$50,000. <p>No CashAssist benefit will be paid for a Trauma that occurs within 90 days after the Commencement date.</p> <p>No CashAssist benefit will be paid if death occurs within 14 days after the Date of Trauma.</p>
	<p>For example, if you have borrowed \$40,000, and your Loan obligation outstanding balance is \$38,000 and you have a Heart attack, we will pay \$38,000.</p>

Who we pay

A CashAssist benefit will be paid to you. All other benefits under this insurance are paid to the financier shown on your Policy schedule or as directed by the financier.

What you are not insured for

This insurance does not cover:

- more than one Monthly benefit at the same time or more than one Life insurance benefit.
- for each person named as the insured on the Policy schedule, more than one CashAssist benefit under the policy per person.
- any benefit as a result of an event or a circumstance indicated by a '•' in the table below and on the next page:

	Benefit			
Event or circumstance	Life	Disablement & Hospitalisation	Involuntary unemployment	CashAssist
War or warlike activities.	•	•	•	•
Terrorism.		•	•	
An illness, injury or condition present in the 12 months preceding the Commencement date.	•	•		•
Any illness sustained or manifested within 30 days of the Commencement date.		•	•	
Avian influenza, Epidemic influenza, Pandemic influenza.		•	•	

Event or circumstance	Benefit			
	Life	Disablement & Hospitalisation	Involuntary unemployment	CashAssist
Childbirth, abortion or pregnancy (including conditions accelerated or induced thereby).		•	•	
Alcoholism, drug addiction or the influence of intoxicating liquor or drugs.		•	•	
An intentionally self-inflicted illness or injury or engaging in a criminal act.		•	•	•
Lockouts, taking part in riots, strikes.		•	•	
Engaging in professional motor racing.		•	•	
Cessation of your employment within 30 days of the Commencement date or failure to provide proof of at least 60 days continuous employment prior to any period of Involuntary unemployment.			•	

How to make a claim

Contact us on 1300 657 382 for a claim form as soon as something happens that you believe you can claim for.

A claim form must be completed and returned to us immediately following an incident occurring that may result in a claim on this insurance. If we do not receive a completed claim form within 14 days of such an incident, we may refuse a claim or reduce the amount we pay for a claim.

We ask that all reasonable assistance is provided to us when requested in relation to a claim made under this insurance. We may:

- ◆ require other documentation or statutory declarations from you depending on the circumstances of your claim. Where this is required, we will ask for it.
- ◆ require you to have a medical examination or we may require a post-mortem examination. We pay for these examinations.

Any communication from other parties involved must be referred to us.

Certain additional information must be supplied

- ◆ **Life claim**
Proof of death, age, identity and amount to be claimed.
- ◆ **Disablement, Hospitalisation and CashAssist claims**
Evidence from a Medical practitioner of the Disablement, Hospitalisation or Trauma, and evidence that you have obtained and are following the advice of the Medical practitioner.

◆ Involuntary unemployment claim

If you were:

- employed, certification of registration as unemployed by the appropriate Australian government agency, or
- self-employed, or in a partnership, documentation from your accountant providing details of your business ceasing to operate.

Claim recovery

If for any reason we pay benefits to which you are not entitled, we shall have a right to recover those benefits from you or the financier.

When this insurance ends

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

- ◆ the expiry date of the Period of insurance, or
- ◆ the date on which the loan obligation is cancelled, discharged, refinanced, foreclosed or terminated, or
- ◆ the date we receive your written request to cancel this insurance, or
- ◆ the date we give you written notice cancelling this insurance in accordance with relevant legislation, or
- ◆ the date you attain your 65th birthday if you are the only person named as the insured on the Policy schedule, or
- ◆ the 7th anniversary of the Commencement date, or
- ◆ the date a Life insurance benefit or the total benefit is paid, or
- ◆ the date you are no longer a resident of Australia or you reside outside Australia for more than 6 months (unless otherwise agreed in writing by us).

If there are 2 people named as the insured on the Policy schedule, cover provided by this insurance will end in respect of a person when they attain their 65th birthday.

Cancelling this insurance

Cancellation by you

You may cancel this insurance at any time by requesting us to do so in writing.

If you do request cancellation, we will retain an amount from the Premium in accordance with relevant legislation. We will refund the balance to you.

If we receive your cancellation request within 21 days from the Commencement date and you have not made a claim on this insurance, we will refund your Premium in full.

You must notify us immediately if your loan ends earlier than the term in the Period of insurance shown on your Policy schedule. The policy also ends in this situation.

Cancellation by us

We may cancel this insurance where circumstances described in insurance legislation allow us to do so.

If we cancel this insurance, we will retain an amount from the Premium in accordance with relevant legislation. We will refund the balance to you.

In the event of a Life insurance benefit payment, we will not refund any Premium for this benefit and this policy will end.

In the event of a CashAssist benefit payment, we will not refund any Premium for this benefit.

Complaint and dispute handling process

Swann Insurance has a well-deserved reputation for providing quality products, good customer service and settling claims promptly and equitably.

However, if you are not satisfied with:

- ◆ one of our products,
- ◆ our service,
- ◆ our sales and marketing,
- ◆ changes made to your Premium,
- ◆ declined insurance,
- ◆ the service of our representatives or service providers,
- ◆ your claim,
- ◆ our handling of your personal information, or
- ◆ any other matter,

we have a process to help if you wish to make a complaint.

The process

The first thing you should do is call us on 1300 307 926. If you let us know what the complaint is we may be able to resolve the complaint for you. If the staff member you speak to is unable to resolve the complaint for you, they will refer you to a manager.

The manager will review and respond to your complaint.

A response will usually be provided within 15 days from when you made your complaint.

If the manager cannot resolve your complaint you can request the complaint be referred to an internal Dispute Resolution Officer (DRO). The DRO will treat your complaint as a dispute. They will conduct a review of your dispute and provide you with a decision usually within 15 business days. Our Dispute Resolution Procedure is completely free of charge to all of our customers.

If you do not agree with the DRO's decision, you may wish to seek an external review of the decision. The DRO's letter outlining their decision will provide you with information on external review option(s), including, if appropriate, referring you to the dispute resolution scheme run by the Financial Ombudsman Service (FOS). The FOS is administered by the Financial Ombudsman Service Limited ABN 67 131 124 448. The FOS is an external body that is independent of Swann Insurance. Your complaint should be put in writing and addressed to:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Telephone: 1300 780 808
Email: info@fos.org.au

It will deal with all enquiries and disputes and make its decision at no cost to you.

If your dispute is about our collection, use, disclosure of, or access to your personal information, you may refer the matter to the Australian Privacy Commissioner who will investigate your concerns and make a decision at no cost to you.

Contact us if you need any help in understanding how our complaint and dispute handling procedure operates. Swann Insurance also has brochures available explaining the dispute resolution process in more detail.

How to contact us

Swann Insurance (Aust) Pty Ltd

ABN 80 000 886 680

Mailing address:

PO Box 14459 Melbourne VIC 8001

Phone numbers:

Claims: 1300 657 382

Policy enquiries: 1300 307 926

Fax numbers:

Claims: 1300 657 370

Policy Enquiries: 1300 720 380

Email:

Claims: swann.cci.claims@swanninsurance.com.au

Internet:

www.swanninsurance.com.au