

# SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

This is a Supplementary Product Disclosure Statement (SPDS), issued by AAI Limited (AAI) 48 005 297 807, AFSL No. 230859. Shannons Pty Limited ABN 91 099 692 636 is an authorised representative (No. 239594) of AAI.

This SPDS supplements the Shannons Motor Insurance Product Disclosure Statement (the PDS), preparation date 21 March 2011. It also entirely replaces the Shannons Motor Insurance SPDS (SH03152b 19/06/2018 A), preparation date 21 March 2018, where previously provided to you.

This SPDS must be read together with the PDS and any other SPDS we have given you or may give you for the PDS.

The purpose of this SPDS is to:

- update what we mean by the term “total loss” and include a definition for salvage value;
- remove the motorcycle learner rider exclusion;
- remove references to branch locations;
- update our treatment of GST;
- update the information in the PDS for seeking an external review of a complaint due to a change to the relevant external dispute resolution scheme. The Financial Ombudsman Service (FOS) Australia will no longer accept new complaints on and from 1 November 2018. The Australian Financial Complaints Authority (AFCA) will deal with all new financial service complaints, on and from this date.
- add a new additional benefit ‘Hire car after a not at fault incident’ providing a hire car after an incident where you were not at fault and you can provide full details of the other driver and vehicle at fault in the incident;
- explain how we communicate with you electronically;
- update refunds on cancellation;
- include a definition for market value; and
- update the overdue and late payment information under the ‘Paying Your Premium’ section.

## CHANGES TO THE PDS

### TOTAL LOSS

On page 22 of the PDS, delete the entire sentence which reads “Should the costs of towing and storage plus the necessary repairs exceed the agreed value of your vehicle shown on your certificate, we reserve the right to treat your vehicle as a total loss.”

On page 50 of the PDS, delete the definition of “Total loss” and replace it with the following:

“Total loss means that, in our opinion, the damage to your vehicle is so great that it would not be safe or economical to repair, or when your vehicle has been stolen and not recovered within 14 days of you reporting its theft to us and we are satisfied that your claim is in order.”

On page 50 of the PDS, add a definition for salvage value:

“Salvage value includes unexpired registration and compulsory third party insurance.”

### MOTORCYCLE LEARNER RIDER EXCLUSION

On page 31 of the PDS, under “What is not covered”, delete the entire first bullet point which reads “Persons riding a motorcycle on a learners permit are not covered by this policy.”

On page 36 of the PDS, in the section “Exclusions applicable to your policy”, delete the entire third bullet point which reads “Your motorcycle being ridden by any person on a learners permit, unless your motorcycle was stolen.”

### BRANCH LOCATIONS

On page 2 of the PDS, under “Contacting Shannons”, replace the first sentence with “If you want to make changes to your policy, ask questions or let us know about anything that might affect your policy, call us on 13 46 46 or write to us. Please see your certificate or shannons.com.au for the locations of our branches.”

On page 2 of the PDS, under “Who does Shannons act for?”, replace the last sentence in the first paragraph with “AAI is an APRA regulated insurer and can be contacted by writing to us at, AAI, Level 28, 266 George Street, Brisbane, QLD 4000.”

On page 51 of the PDS, under “How we resolve your complaints”, delete the contact information immediately under “You can contact us” and replace it with:

By phone 13 46 46

In writing Write to your local Shannons branch (please see your certificate or shannons.com.au for the locations of our branches)

By email enquiries@shannons.com.au

On the back cover of the PDS, delete “Shannons Branches”, the list of branches and replace the email address with the following “National Email: enquiries@shannons.com.au.”



## GST

On page 7 of the PDS, in the section “Premiums and excess”, delete the first two sentences and replace with “The premium is the amount you pay us for this insurance and it includes GST and if applicable stamp duty and other charges.”

On page 44 of the PDS, in the section “GST”, delete the entire paragraph and replace it with the following:

“You must tell us about the input tax credit (ITC) you are entitled to for your premium and your claim, each time you make a claim.

If you do not give us this information or if you tell us an incorrect ITC, we will not pay any GST liability you incur.

If your vehicle is a total loss we will reduce any payment we make by an amount equal to your input tax credit entitlement, if any.

In all other circumstances our liability to you will be calculated taking into account any ITC to which you are entitled for any acquisition which is relevant to your claim, or to which you would have been entitled had you made a relevant acquisition.

Any payment we make to settle your claim will be considered to be made in full even if the amount we pay has been reduced as described above.

All limits of liability stated in your policy are GST inclusive.”

## EXTERNAL DISPUTE RESOLUTION

1. On pages 51 and 52 of the PDS, replace all references to:

- the “Financial Ombudsman Service (the FOS)” with: the “Australian Financial Complaints Authority (AFCA)”.
- “FOS” with “AFCA”.

2. On page 52 of the PDS under the section “What if you are not satisfied with our final IDR Decision?”, delete the entire section and replace with the following:

We expect our procedures will deal fairly and promptly with your complaint. However, if you remain dissatisfied, you may be able to access the services of the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Any decision AFCA makes is binding on us, provided you also accept the decision. You do not have to accept their decision and you have the option of seeking remedies elsewhere.

AFCA has authority to hear certain complaints. Contact AFCA to confirm if they can assist you.

You can contact AFCA by:

Phone: 1800 931 678

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

Writing to: Australian Financial Complaints Authority,  
GPO Box 3, Melbourne,  
Victoria 3001

Visiting: [www.afca.org.au](http://www.afca.org.au)

## HIRE CAR AFTER A NOT AT FAULT INCIDENT

On page 26, immediately following additional benefit ‘Hire car following theft’ insert the following:

### Hire car after a not at fault incident

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#### What is covered

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**Comes with:** Comprehensive and Third Party Legal Liability

**Applies to:** Motor Vehicles & Motorcycles

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After an incident covered by your policy where your motor vehicle or motorcycle is damaged and:

- cannot be safely driven/ridden or is in for repairs; **and**
- we agree you or the driver/rider of your vehicle has no fault for the incident; **and**
- you have provided us with the name **and** address of the person at fault **and** the registration details of their vehicle;

we will arrange and pay the reasonable hire cost of a car that meets your needs, using our provider (but only if our provider has a car available, and is within a reasonable distance of your location).

If there are no hire cars that meets your needs available from one of our providers within a reasonable distance of your location, then we will pay you the lesser of:

- the amount it would have cost us to provide you with a hire car that meets your needs using our provider, had one been available; **or**
- the actual cost you incur in making alternative travel arrangements.

**Note:** You must not arrange your own hire car unless you obtain our prior written consent. If you do, then we may decide not to pay for the hire car costs.

#### Limit

The benefit stops when:

- we repair your vehicle or motorcycle and return it to you; **or**
- we settle your claim.

**Note:** The benefits under this feature are subject to the ‘Hire car conditions’ listed below.

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On page 27, immediately following additional benefit ‘Hire car following theft’ exclusion, insert the following exclusion relating to ‘What is not covered’ for the additional benefit ‘Hire car after a not at fault incident’:

#### What is not covered

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- X** Any hire car costs following damage to your vehicle if you cannot provide the name **and** address of the



other driver **and** the registration number of the other vehicle at fault in the incident.

X We will not pay:

- any deposit you are required to pay for the hire car,
- any running costs of the hire car, **or**
- if the vehicle usage on your policy certificate is Laid Up, Club Plate Use, Limited Use or Extreme Limited Use for the vehicle that was involved in an incident.

### HIRE CAR CONDITIONS

On page 46, immediately following 'What happens to your premiums after a total loss' insert the following:

#### Hire car conditions

If you claim for any hire car benefit in your policy you:

- may be required to enter into a hire agreement with the hire car provider;
- are required to collect the hire car from and return it to the place nominated by us or the hire car provider;
- are responsible for all running costs and extras of the hire car, including paying the deposit, security bond, fuel and any upgrade costs;
- agree and authorise us to lodge a claim on your policy in the event that the hire car is lost or damaged whilst on hire to you and we insure you pursuant to the cover provided in additional benefit 'Hire car after a not at fault incident';
- are responsible for arranging and paying all hire car costs for any period you continue to use the hire car beyond the covered hire period; **and**
- are required to refund to us any costs (including any insurance costs) we incur for the hire car, if you withdraw your claim or we refuse to accept it.

#### Insurance for your hire car

After arranging a hire car for you with our provider, we will cover accidental loss or damage to the hire car under this policy during the covered hire period as if the definition of 'motor vehicle or motorcycle' in the policy had been extended to include the hire car **provided that** if the hire car is lost or damaged whilst on hire to you, you authorise us to lodge a claim on your policy and your excesses are due and payable to us as if the hire car was "your vehicle". Cover for loss or damage to the hire car is limited to the market value of the hire car.

### COMMUNICATING WITH YOU ELECTRONICALLY

On page 5 of the PDS, immediately below the section titled 'About the insurer', insert the following wording:

#### 'Communicating with you electronically

We may agree to send your policy documents and policy related communications electronically. This will be by email and/or other types of electronic communication

methods. Policy documents and policy communications will be provided to you in this way unless we tell you it is no longer suitable. If we agree to communicate with you electronically, you will need to provide us with your current email address and your Australian mobile phone number. You need to contact us if this email address or mobile phone number change.

Each electronic communication will be deemed to be received by you at the time it leaves our information system.'

### CANCELLATIONS

On page 47 of the PDS, replace the whole section 'Cancellations' with the following wording:

#### WHAT HAPPENS WITH CANCELLATIONS?

##### Cancellation by you

You may cancel this policy at any time. If you cancel this policy, you will be refunded the unexpired portion of the premium including GST if the refund is more than **\$10**.

If you pay by instalments, on cancellation you agree to pay us any portion of the premium that is owing but not yet paid and that amount is immediately due and payable.

##### Cancellation by us

We can only cancel your policy where the law allows us to do so. We will refund any money we owe you if the refund is more than **\$10**. If we cancel your policy due to fraud, we will not refund any money to you.

For more information about cancellation see 'Paying your premium' on page 7.

### MARKET VALUE

On page 50 of the PDS, add a definition for market value:

#### Market value

means the amount we calculate the market would pay for the vehicle. It takes into account the age, make, model, kilometres travelled and condition of the vehicle immediately before the incident. We might use recognised industry publications to calculate the amount. Market value excludes costs of registration, compulsory third party insurance, stamp duty and transfer fees, dealer warranty costs or dealer delivery.

### PAYING YOUR PREMIUM

1. On page 7 under the section "Paying Your Premium" delete the entire wording and replace it with the following:

#### PAYING YOUR PREMIUM

We will tell you how much you have to pay and how much time you have for payment on your certificate of insurance. You must pay the premium by the due date to be covered by this policy.



Unless we tell you, any payment reminder we send you does not change the due date.

You can pay your premium in one annual payment or through monthly, quarterly, or half yearly instalments.

2. On page 7 and 8 under the section "Important Information for Customers Paying by Instalments", replace the "**If an instalment is rejected**" section and the information with the following:

If an instalment is rejected:

- We will contact you and advise of the failed debit attempt. We will also make a further attempt to debit your account.

Overdue monthly instalments

- If a monthly instalment remains unpaid after 14 days, we will not pay claims for any incidents that occur until the policy is paid up to date (provided the policy has not been cancelled by us or you).
- If the monthly instalment remains unpaid after 30 days, we have the right to cancel the policy.

If we do provide you with notice of our intention to debit your account after a failed debit attempt, this does not reduce our right to refuse claims or cancel your policy in accordance with the rights set out above.

All instalment payment types

You may request to suspend or defer your instalment debit for up to a maximum of 14 days, if you advise us 7 days before the instalment debit date. If you do this, and we agree to suspend or defer the payment and our right to refuse to pay claims or cancel your policy (as applicable), will be suspended during the time that your instalment payment is suspended or deferred.

We may refuse to allow you to pay, or continue to pay, your premium by direct debit should you have two or more requests to defer your instalments or consecutive failed debit attempts due to insufficient funds.

