



# **Pre-Owned Mechanical Breakdown Warranty**

Terms and Conditions

# Pre-Owned Mechanical Breakdown Warranty

This product provides you with a mechanical and/or electrical breakdown warranty that covers a range of components outlined in section "Components Covered" in your policy. Please note that your policy does not cover every eventuality and you need to fully understand what cover is provided under your policy.

## General terms and conditions

### Definitions

This section provides you with information regarding terms that are used in your policy:

#### **You/your**

The term you or your refers to the person whose name and address appears on your schedule.

#### **Insurer**

The insurer is the insurance company that provides and underwrites your insurance cover.

Upon receipt of a fully completed schedule and the required premium, the insurer will accept the risk if your vehicle complies with the terms and conditions as set out in your policy. The insurer however, reserves the right to decline this insurance should the insurer become aware of any information that affects the initial decision to accept cover.

#### **Claims administrator**

The term claims administrator refers to Innovation FSP (Pty) Ltd (Registration No. 1997/005662/07). Innovation FSP is a licensed Financial Services Provider for the purposes of the Financial Advisory and Intermediary Services Act 37 of 2002.

#### **Your Vehicle**

Your vehicle refers to any motor or light delivery vehicle (LDV) that is registered in South Africa and specified in the welcome schedule or voice-logged proposal.

#### **Mechanical Breakdown**

Mechanical breakdown refers to the unforeseen failure of any of the components specifically listed under the section "Components Covered", arising from mechanical and/or electrical failure, causing a sudden stoppage of their functions and necessitating repair and/or replacement.

#### **Cost of Repair**

The cost of the repair refers to the usual and reasonable charges for components and/or labour required to repair or replace the damaged components.

#### **Insured**

The insured refers to the owner of the vehicle at the time of purchasing your policy, or in the instance where the policy has been transferred in terms of your policy, the new owner of the vehicle.

#### **Authorised Dealer**

This term refers to an accredited Authorised Repairing Dealer registered as such with the Retail Motor Industry (RMI) or Automobile Association of South Africa (AASA).

#### **Manufacturer**

The manufacturer refers to the entity that manufactured/supplied the vehicle as specified on your schedule.

## Policy Description

Your policy comprises of a Pre-Owned Warranty. Depending on the option chosen your policy cover can either be for 7, 9, 10 years or older. Your vehicle's category, age and current recorded kilometres will determine what policy your vehicle will qualify for.

## What you need to know and do

This section of your policy explains your responsibilities. Under your policy there are terms and conditions that you need to be aware of as listed within your policy. It is essential that where you are required to comply with any of these terms and conditions that you do so. Failure to comply with the terms and conditions could result in a claim against your policy being rejected and your policy being cancelled.

## Policy Scope and Cover

### Description

The age and distance covered by your vehicle at the time that your policy becomes effective, will determine the category under which your cover commences.

The following categories are available for the Pre-Owned Warranty:

- Better Drive 1: Vehicles less than 7 years old, with less than 120 000 km's.
- Better Drive 2: Vehicles less than 9 years old, with less than 160 000 km's.
- Better Drive 3: Vehicles less than 10 years old, with less than 220 000 km's.
- Better Drive 4: All other vehicles that do not fall into the above categories.

### Eligibility

In order for your vehicle to be covered under your policy it is essential that your vehicle complies with the following.

Your vehicle must;

- be a passenger, 4x4 or light commercial vehicle with a gross vehicle mass of less than 3 500 kg;
- not be a taxi, rental vehicle, an exotic vehicle, a rebuilt vehicle (Code 3), a modified vehicle or a vehicle that is or has been used in any form of motoring competition or sport; and
- be in a sound mechanical condition and have a valid roadworthy certificate.

### Effective Date and Duration

Your policy will commence 30 days after the first successful premium collection, and continues on a monthly basis until you cancel your policy, or the vehicle reaches the age of 20 years from date of first registration, or the vehicle's odometer reaches 400 000 kms.

It is your responsibility to inform the insurer when the vehicle reaches its maximum age or odometer reading.

### Premium Payment

This is a monthly policy and the amount payable as specified in the schedule, is due on the first day of each month, in advance or as agreed by the insurer. It is your responsibility to ensure that the payment for each month is made timeously and that in the event of payment being made via a debit order from your bank account that there are sufficient funds in your account.

Failure to make the payment on the due date will result in the cover under your policy not being in force for the period for which the payment has not been paid. You will be given a grace period of 15 days to make payment, after which there will be no cover. There will be no cover until outstanding monies have been paid.

If no payment is received for two consecutive months, there will be no cover and no claim will be paid.

The insurer reserves the right to increase the monthly premium once a year by giving you 31 day's written notice either by post or via electronic media in the form of an email to the last known address.

The vehicle is covered until it reaches the age of 20 years from date of first registration, or the vehicle's odometer reaches 400 000 kms, whichever comes first. It is your responsibility to inform the insurer when the vehicle reaches its maximum age or odometer reading.

## Service Requirements

Your vehicle must be serviced and maintained according to the vehicle manufacturer's specification at an authorised dealer.

### Note:

- A maximum tolerance as per manufacturer's specification will be allowed.
- After each service, the appropriate service record must be completed. Service receipts must be kept as proof of service, as this may be requested in the event of a claim.
- Failure to comply with the above can invalidate your policy.
- If the vehicle does not have an up to date service history, it is your responsibility to have the vehicle serviced within 30 days of your policy purchase date. This service must be done in accordance with the vehicle manufacturer's specification for the age and kilometres of the vehicle at the time.

## Components Covered

### Warranty Benefits

Your policy covers the repair and/or replacement of components, specifically listed under the section "Components Covered", arising from the mechanical and/or electrical failure during the cover period of your policy and is subject to the terms, conditions and exclusions set out herein. All repair work must be authorised in advance and carried out by the authorised dealer as recommended by the insurer and/or claims administrator in the section "Claim Procedure".

The following vehicle components and incidences are covered under your policy:

- **Engine:** All internal lubricated components.
- **Transmission:** (Manual/Automatic) All internal lubricated components (including torque converter and flex plate).
- **Differential:** All internal lubricated components.
- **Differential Lock:** All internal components.
- **Transaxle:** All internal lubricated components.
- **Management System:** Engine and transmission management control units, crankshaft sensor, camshaft sensor and lambda (O2) sensor only.
- **Turbo Assembly:** Original Manufacturer fitted turbo charger, intercooler and superchargers only.
- **Front Wheel Drive Unit:** External driveshafts, couplings, hubs, bearings and drive flanges for 4x4 vehicles only.
- **Electronic Ignition:** Distributor and coil packs.
- **Air Conditioner:** Compressor only (excluding re-gassing)
- **Cooling System:** Water pump, welsh plugs, thermostat, thermo-switch and heater radiator only.
- **Free Wheel Hubs:** Complete unit (applicable to 4x4 vehicles only).
- **CV Joints:** Excluding dust covers and rubbers.
- **Propshafts and Couplings:** U-joints and centre bearings.
- **Steering Mechanism:** All internal components of steering box or steering rack (including power steering pump).
- **Braking System:** Master cylinder, servo unit, wheel cylinders and ABS control unit and all sensors. Vacuum pump on diesel vehicles only (excluding all friction materials).
- **Fuel System:** Mechanical and electrical fuel pumps, injectors, fuel injection control and sensor units (excluding all calibration and serviceable components and any incorrect or contaminated fuel).
- **Electrical Components:** Alternator, starter motor, front and rear windscreen wiper motors and electric window motors, electric seat motors.

- **Electric Winch:** Electric motor only (applicable to 4x4 vehicles only).
- **Clutch:** Clutch plate, pressure plate, clutch cable, clutch fork, master and slave cylinder, release bearing, pilot bearing and flywheel are covered against mechanical failure only.
- **Suspension:** Upper and lower wishbones with associated ball joints, bushes and springs are covered against mechanical failure only.
- **Radiator:** Engine cooling radiator only.
- **Overheating:** Breakdown as a result of overheating.
- **Drive Pulleys:** Crankshaft, camshaft, tensioners, and jockey pulleys are covered in the event of mechanical failure.
- **Cambelt Failure:** Cambelt and tensioner (excluding routine maintenance).
- **Viscous and Electric Fans:** Engine cooling only.
- **Central Locking:** Pump and door actuator only.
- **Electric Sunroof Motors and Convertible Roof Motors:** Original Manufacturer fitted units only.
- **Electric Mirrors:** Motor only.
- **Towing Charges:** Towing charges covered in the event of a valid claim being accepted by the insurer and/or claims administrator.
- **Entertainment System:** LCD screen (10' or less) RF modulator, digital video disc player, compact disc player and power converter (applicable only to original manufacturer fitted units).
- **Transponder Key:** Original manufacturer fitted unit only and functional failure only.
- **Alarms and Immobilisers:** Original manufacturer fitted units only.
- **Vehicle Rental:** The vehicle rental offers a convenient 2 day vehicle rental in the event of a mechanical repair or service of your vehicle.
- **Overnight Accommodation:** Hotel accommodation is covered if breakdown occurs in excess of 300 km's from your place of residence (in the event of a valid claim being accepted by the insurer and/or claims administrator).

## Wear and Tear

It is essential to note that:

- Normal wear and tear is not covered by your policy. Normal wear and tear is defined as deterioration arising through the use or age of your vehicle which does not result in actual mechanical failure.
- Fair wear and tear is covered by your policy. Fair wear and tear is defined as deterioration through use or age that does result in actual mechanical failure.

## Betterment

### Definition

*Betterment is referred to as the condition relating to older or original parts on your vehicle, when having been damaged in an accident which may be replaced with new part(s). The resulting improved condition of the vehicle is known as betterment.*

In this case it is where the repair requires new or exchange units, which in the opinion of the insurer and/or claims administrator are in excess of what is necessary to repair the vehicle to the manufacturer's specifications, you will be liable for these additional costs. If in doubt, you should consult the insurer and/or claims administrator.

## Further or Additional Loss Cover

### When will a claim be covered?

- Where the damage or loss to a covered component is caused by the failure of a covered component, the higher of the two benefits will apply.

- Where the damage or loss to a non-covered component is caused by the failure of a covered component, only the benefit of the covered component will apply.
- Where the damage or loss to a covered component is caused by the failure of a non-covered component, the failure will be covered under the covered component benefit.

### When will a claim not be covered?

- Where the failure of a non-covered component is caused by a non-covered component, no claim will be paid out.
- Where any of the exclusions as noted below are applicable.

## Exclusions

Your policy does not cover any:

- parts not specified under the section “Components Covered”;
- repairs undertaken without the prior authorisation of the insurer and/or claims administrator;
- damage caused by theft, hi-jacking, an accident, misuse or neglect;
- damage resulting from the fitting of experimental units, or modifications, other than those approved by the vehicles original manufacturer;
- standard services and service parts required during routine maintenance procedures;
- repairs, should it be discovered that the odometer has been disconnected or tampered with;
- gradual reduction in operating performance commensurate with the age and kilometres covered by the vehicle;
- claims for repair, replacement or alterations not accompanied by a valid, fully completed and detailed VAT invoice;
- mechanical and/or electrical failure which is recoverable under any other insurance policy;
- loss or damage resulting from any water, foreign substances, incorrect or contaminated fuel, defective products or poor workmanship;
- cause of breakdown, in the opinion of the insurer and/or claims administrator that was evident prior to the effective date of your policy;
- oil leaks of any nature and/or damage caused as a result there of;
- hoses, pipes, auxiliary belts, fan blades and CV rubber boots or dust covers;
- re-gassing of the air conditioner; and
- taxi’s, rental vehicles, exotic vehicles, rebuilt vehicles (Code 3), modified vehicles or vehicles that are or have been used in any form of motoring competition or sport.

## Your Obligations

Your terms and conditions shall also incorporate, as express terms and conditions, all the contents of your policy, which you will be deemed to have read. It is expressly agreed and declared that the Insurer and/or will be released from all liability and obligations under your policy if the terms and conditions of your policy are not fully complied with.

- All claims must be reported to the insurer and/or claims administrator immediately. In the event of a breakdown after hours, over a weekend or a public holiday the claim must be reported to the insurer and/or claims administrator on the next working day. Failure to do so may invalidate the claim.
- All claims documentation must be received by the insurer and/or claims administrator within 30 days of the date of completion of the repairs; otherwise they will not be accepted.
- Your policy will be cancelled in the event of excessive claims within your policy duration.
- You must service the vehicle as per the requirements defined in section “Service Requirements”. Failure to comply will invalidate your policy.

- Your policy is in addition to, and does not detract from, any contractual rights under Statute or Common Law.
- You must take all reasonable steps to maintain your vehicle and keep it in a proper and efficient state of repair and in the event of any mechanical and/or electrical failure you must use all reasonable means to protect the vehicle from further loss or damage.
- In no case whatsoever will the insurer and/or be liable to make any payment in respect of any mechanical and/or electrical failure after the expiration of 6 months from the occurrence of mechanical and/or electrical failure.
- It is your responsibility to ensure that, in the case of diesel vehicles, the diesel pump and injectors is calibrated and serviced as per manufacturer's specifications. A failure resulting from incorrect calibration will result in rejection of the claim.

## Disputed claims

After you are informed of the decision made on a claim, you will be allowed 90 days to make the appropriate representations to the underwriter about the decision made. If you do not comply with this time limit, the disputed claim will not be reconsidered.

If representations have been received, the decision will then be reviewed and the outcome communicated to you. If, after review, you are not indemnified for a claim or any part of it and you wish to challenge the decision made, you must serve legal process within six months calculated from the expiry of the 90-day period referred to above. If you do not comply with this time limit, you will be prevented from proceeding with legal process.

## Policy Amendments and Cancellations

You are entitled to cancel your policy at any time by giving the Insurer 31 days' notice.

The insurer is entitled to amend the terms and conditions or cancel your policy by giving you 31 days' notice in writing, either by post or via electronic media in the form of an email to the last known address.

In the event that you cancel your policy, no refund will apply as the cover is offered on a month to month basis.

Cover commences 30 days after first successful premium collection and continues on a monthly basis until you cancel your policy, or when the vehicle reaches the age of 20 years from date of first registration, or the vehicle's odometer reaches 400 000 kms, whichever occurs first.

It is your responsibility to inform the insurer when the vehicle reaches its maximum age or odometer reading.

## Jurisdiction, Currency and Disputes

Your policy is valid only within the territorial limits of South Africa, Botswana, Namibia, Lesotho, Mozambique, Zimbabwe and Swaziland. All payments will be made in the currency of South Africa. Your policy will be governed by the laws of the Republic of South Africa whose courts will have jurisdiction in any dispute arising under your policy.

## Fraud

If you or anyone acting on your behalf, knowingly or otherwise, commits a fraudulent act or attempt to obtain a benefit under your policy by improper means, all benefits shall immediately cease and your policy shall be cancelled. There will be no refund of any kind.

## Transferability

In the event that you sell your vehicle, your policy may be transferred to the subsequent owner, provided your policy is still valid with an updated vehicle service history and no premiums are outstanding. If transferred, the owner must agree to take over premiums. This request must be submitted in writing (including the new owner's information and banking details) to the insurer, subject to approval. Your policy may not be transferred from one vehicle to another.

## Claim Procedure

In the event of a mechanical and/or electrical failure which is likely to result in a claim, you must advise the insurer and/or claims administrator telephonically on the numbers provided. The insurer and/or claims administrator will recommend authorised dealers in your area who has conformed to the stringent requirements of the insurer and/or claims administrator's quality control panel. You may choose the authorised dealer. All repair work must be authorised in advance and carried out by an authorised dealer.

Failure to obtain prior authorisation before repair work has been completed will invalidate your claim.

## Information necessary when reporting a claim

- Owner's name;
- Policy number;
- Current odometer reading on your vehicle;
- Nature of mechanical failure / breakdown (failure, cause, remedy);
- Address where vehicle can be inspected;
- Service records and/or invoices.

Should it be necessary to disassemble any component to establish the cause or extent of the damage, it is your responsibility to authorise the disassembly so as to establish whether there is any liability under your policy. The cost for the disassembly to ascertain the cause of failure will be for your own account in the event the claim is not covered.

The insurer and/or claims administrator reserves the right to inspect your vehicle or failure before authorisation is given. After the work has been completed by the authorised dealer, you shall inspect the vehicle so as to ensure that the service work is satisfactory and complete in all respects.

Please ensure that the authorised dealer submits all repair invoice(s) to the insurer and/or claims administrator via email or post within 30 days after the repairs are completed, failing which the claim will not be considered.

Should your claim be rejected, you are entitled to receive a full explanation from the insurer and/or claims administrator.

## Claim Limits

The individual claim limit that applies to your policy is clearly stipulated under the section "Limits of Liability".

The total claim aggregate shall not exceed the current trade value of your vehicle.

### Limits of Liability

<b>Monthly Pre-Owned Warranty</b>				
<b>Components</b>	<b>Better Drive 1</b>	<b>Better Drive 2</b>	<b>Better Drive 3</b>	<b>Better Drive 4</b>
1. Engine	R20 000	R12 500	R8 500	R6 000
2. Transmission	R12 500	R8 000	R6 000	R4 500
3. Differential	R12 500	R8 000	R6 000	R4 500
4. Differential Lock	R7 500	R5 000	R5 000	R3 500
5. Transaxle	R7 500	R5 000	R5 000	R3 500
6. Management System	R7 500	R5 000	R5 000	R3 500
7. Turbo Assembly	R7 500	R5 000	R5 000	R3 500
8. Front Wheel Drive Unit	R4 500	R3 500	R3 000	R2 000
9. Electronic Ignition	R4 500	R3 500	R3 000	R2 000
10. Air Conditioner	R4 500	R3 500	R3 000	R2 000
11. Cooling System	R4 500	R3 500	R3 000	R2 000

12. Free Wheel Hubs	R4 000	R3 000	R3 000	R2 000
13. CV Joints	R4 000	R3 000	R3 000	R2 000
14. Propshaft & Couplings	R4 000	R3 000	R3 000	R2 000
15. Steering Mechanism	R4 000	R3 000	R3 000	R2 000
16. Braking System	R4 000	R3 000	R3 000	R2 000
17. Fuel System	R4 000	R3 000	R3 000	R2 000
18. Electronic Components	R4 000	R3 000	R3 000	R2 000
19. Electrical Winch	R4 000	R3 000	R3 000	R2 000
20. Clutch	R4 000	R3 000	R3 000	R2 000
21. Suspension	R4 000	R3 000	R3 000	R2 000
22. Radiator	R4 000	R3 000	R3 000	R2 000
23. Overheating	R5 000	R3 000	R3 000	R2 000
24. Drive Pulleys	R5 000	R3 000	R3 000	R2 000
25. Cambelt Failure	R5 000	R3 000	R3 000	R2 000
26. Viscous & Electrical Fans	R2 500	R2 000	R2 000	R1 500
27. Central Locking	R2 500	R2 000	R2 000	R1 500
28. Electrical Sunroof Motor	R2 500	R2 000	R2 000	R1 500
29. Electric Mirrors	R2 000	R2 000	R1 000	R1 000
30. Towing Charges	R1 000	R1 000	R1 000	R1 000
31. Entertainment System	R2 000	R1 500	R1 000	R1 000
32. Transponder Key	R1 500	R1 500	R1 000	R1 000
33. Alarms & Immobiliser	R1 500	R1 500	R1 000	R1 000
34. Vehicle Rental	R1 000	R1 000	R1 000	R1 000
35. Hotel Accommodation	R1 000	R1 000	R1 000	R1 000

## Claim Limits (Including VAT)

The maximum amount payable per claimable occurrence for each item is clearly reflected in the "Limits of Liability". Any number of failures that occur or are reported simultaneously will be treated as one claim. In this instance the liability will not exceed the amount of the major component benefit.

**Please note:** The total claim aggregate shall not exceed the current trade value of your vehicle.



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