



INSURE

RETAIL VALUE Top Up Cover

Personal, Commercial, and Agri products

QUESTIONS & ANSWERS

1. Why must a customer purchase this cover extension?

The pandemic has caused havoc in the motor industry due to various lockdowns across the world, parts shortages, computer chip shortages, and supply chain disruptions. This has led to a significant shortage of new vehicles. All of these issues have led to a huge surge in demand of second-hand vehicles and this has meant that for the first time, second-hand cars are increasing in value.

We have established that the retail values received from industry guides are no longer accurate due to the increasing value of second-hand cars. This has led to these values not following the usual trend where vehicle values decrease gradually on an annual basis.

We are finding that a significant proportion of our customers are currently underinsured and therefore in the event of a valid total loss claim, our customers find that they are unable to purchase the same or similar vehicle.

It is therefore of utmost importance that brokers, advisors and customers check the current vehicle values in the market for vehicles insured through Old Mutual Insure and use this extension to ensure that they are not underinsured.

2. What is the Retail Value Top Up cover extension?

This extension allows the insured value of a vehicle in the event of a total loss or theft to accurately reflect the correct vehicle value available in the market. Customers can select from various percentage options to increase the insured value of their vehicles by **up to** 15%, 20% or 25% with an additional premium.

The retail value top up cover extension only triggers a benefit if the prevailing vehicle value in the market is higher than retail value in the industry guides, i.e. it does not guarantee a 15%, 20% or 25% increase in the claim amount at the time of the vehicle is stolen or written off.

3. Is this extension available for all types of vehicles?

It is only available for vehicles used for personal purposes, business cars and Light Commercial Vehicles with a gross vehicle mass not exceeding 3 500kg.

4. Will an additional premium be charged for this extension?

An additional premium will be charged for this extension, based on the type of vehicle, value of the vehicle and the risk profile of the customers.

5. How does the Retail value Top Up cover affect Optional Extras?

Optional extras such as Nudge bar, Towbar, Rollbars, spare parts, etc. must be separately insured as optional extras/specified accessories. Our practice in this regard has not changed.

It remains the customers' responsibility to regularly review the values that these items are insured for, to insure that in the event of a valid claim, they are not underinsured.



6. How will theft and total loss claims be settled for a customer with Retail Value Top up cover?

We aim to put the customer back in the same position they were before the loss had occurred. We are finding that more and more customers at claim stage are underinsured due to the industry guides underestimating the true value of vehicles in the current market.

The below examples demonstrate how the Retail Value Top Up cover will compensate our customers - putting them back in the same position they were before the total loss.

Example 1	Example 2
<p>You have bought 20% Retail Value Top Up cover. If your retail value at the time of a total loss is R100 000 as shown by industry guides (after the mileage and condition of your vehicle has been considered) but the actual vehicle value in the market is R120 000 - at claim stage, we will calculate your settlement as follows-</p> <p>Retail value from industry guides = R100 000 (after mileage and condition) Actual vehicle value in the market = R120 000 (after mileage and condition) Industry guides retail value Plus 20% Retail Value Top Up cover = R20 000 (R100 000 x20/100) Total R120 000</p> <p>As the actual retail value of the vehicle is R120 000 at the time of the loss, the customer will be compensated for R120 000. The applicable excesses will then be deducted from the final calculation.</p>	<p>You have bought 20% Retail Value Top Up cover. If your retail value at the time of a total loss is R100 000 as shown by industry guides (after the mileage and condition of your vehicle has been considered) but the actual vehicle value in the market is R115 000 - at claim stage, we will calculate your settlement as follows-</p> <p>Retail value from industry guides = R100 000 (after mileage and condition) Actual vehicle value in the market = R115 000 (after mileage and condition) Industry guides retail value Plus 20% Retail Value Top Up cover = R20 000 (R100 000 x20/100) Total R120 000</p> <p>As the actual retail value of the vehicle is R115 000 at the time of the loss, the customer will be compensated for R115 000. The applicable excesses will then be deducted from the final calculation. At the time of the loss, we will compensate the customer up to the percentage noted on the schedule or the true vehicle value in the current market, whichever is the lesser.</p>
<p>Example 3</p> <p>You have bought 20% Retail Value Top Up cover. If your retail value at the time of a total loss is R100 000 as shown by industry guides (after the mileage and condition of your vehicle has been considered) but the actual vehicle value in the market is R125 000 - at claim stage, we will calculate your settlement as follows-</p> <p>Retail value from industry guides = R100 000 (after mileage and condition) Actual vehicle value in the market = R125 000 (after mileage and condition) Industry guides retail value Plus 20% Retail Value Top Up cover = R20 000 (R100 000 x20/100) Total R120 000</p> <p>As the actual retail value of the vehicle is R125 000 at the time of the loss, the customer will be compensated for R120 000. The applicable excesses will then be deducted from the final calculation.</p> <p>At the time of the loss, we will compensate the customer up to the percentage noted on the schedule or the true vehicle value in the current market, whichever is the lesser.</p>	<p>Example 4</p> <p>You have bought 15% Retail Value Top Up cover. If your retail value at the time of a total loss is R100 000 as shown by industry guides (after the mileage and condition of your vehicle has been considered) and the actual vehicle value in the market is R100 000 - at claim stage, we will calculate your settlement as follows-</p> <p>Retail value from industry guides = R100 000 (after mileage and condition) Actual Retail value in the market = R100 000 (after mileage and condition)</p> <p>As the actual vehicle value is R100 000 at the time of the loss, the customer will be compensated for R100 000. The applicable excesses will then be deducted from the final calculation.</p> <p>At the time of the loss, we will compensate the customer up to the percentage noted on the schedule or the true vehicle value in the current market, whichever is the lesser.</p>



7. How do I know which Retail Value Top Up percentage to select?

We have provided a guideline to brokers and advisors based on an analysis we conducted recently.

Note that this guideline is an indication only and it is still the customer's /broker's/ advisor's responsibility to select the correct percentage Retail Value Top Up cover to ensure that customers are adequately insured.



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