

## Learning Unit 9: Motor



learning outcomes

### Learning Outcomes

Upon completion of this learning unit, it is expected that you will be able to:

- Understand and provide definitions for terminology.
- List who we insure and describe what we insure for motor.
- Identify the vehicle use and distinguish between the two types of vehicle value for motor.
- Explain the cover provided under 3 different types of insurance.
- Discuss the various elements of the liability insurance in this section.
- List what is not covered (exclusions) under the motor insurance.
- List the methods of compensation and identify the special conditions under motor.
- Identify the underwriting rules relevant to the insurance of motor.



## Introduction

Making payment after payment, month after month may leave one wondering what the purpose of car insurance is. If you have never filed a claim, are a new driver, or new to car ownership, it can be increasingly frustrating because of the high costs involved, combined with the feeling of not getting anything in return.

However, your client must be assured that motor insurance does have a purpose and is not a scam. Understanding the purpose of motor insurance will therefore alleviate some of your client's concerns.

Vehicle insurance, also known as **auto insurance, GAP insurance, car insurance** or **motor insurance** is insurance purchased for cars, trucks, motorcycles and other road vehicles.

Many countries have a compulsory insurance when you purchase a vehicle. Its primary use is to provide financial protection against physical damage and/or bodily injury resulting from traffic collisions and against liability that could also arise from these situations.

The main purpose of motor insurance, therefore, is to provide compensation to owners of vehicles if the vehicle is damaged and injury is caused by a vehicle accident. It also covers the responsibilities allocated to these owners.

Previously the Motor section of the Allsure policy only insured private motor vehicles and separate sections were issued to cover the likes of motorcycles, trailers and caravans. Now there is only one motor section, which covers all vehicle types as reflected in "Types of vehicles we insure".

### 9.2 Definitions

These definitions provide a clear description of whom and what is covered under the motor section. This table clearly sets out the definitions relevant to motor insurance for easy reference.

Word or phrase used	Definition and description
you, (your, yourself)	<p>The phrase <b>you</b> refer to the policyholder and other regular drivers named in the schedule.</p> <p>The policyholder is the individual or individuals who own (or are responsible for) the property being covered and as a result, the relationship has to be defined at the inception of the policy.</p>
we (us, our)	<p>This is Mutual &amp; Federal Insurance Company Ltd. Registration No: 1970/006619/06.</p>
balance outstanding	<p>The amount that is owed as a debt and has not yet been paid.</p>

Code 3 or built-up vehicles	Means a new or used vehicle that has been declared permanently unfit for use, usually as a result of the following: <ul style="list-style-type: none"> <li>Involved in an accident, is declared unfit for use as a motor vehicle;</li> <li>A motor vehicle which is "Built-up or Permanently unfit for use", when the extent of the damage includes structural defects that require substantial rebuilding;</li> <li>Stolen vehicle.</li> </ul>
excess	This is the first amount which must be paid by the policyholder before a claim is settled.
exclusions	Exclusions are a condition in the policy that more accurately defines the risk accepted by the insurer and excludes liability for loss not intended to be covered. Exclusions in the policy take out or relieve an insurer of liability for property not intended to be covered.
hire	Using a vehicle for a fee, for example hiring a car for the day.
lease	A contract granting use or occupation of property during a specific period in exchange for a specific rent.
motor vehicle service	Maintenance procedures carried out at a set time interval or after the vehicle has travelled a certain distance.  The service intervals are specified by the vehicle manufacturer in a service schedule and some modern cars display the due date for the next service electronically on the instrument panel.
replacement	The act or process of replacing or of being replaced. Substitution.
replacement vehicle	Any vehicle from categories A to C (Types of vehicles we insure). It includes vehicles that you hire, lease or temporarily use as a replacement for the insured vehicle while the insured vehicle is in for a service or for mechanical or electrical repairs by the motor trade.
SAPVIN number	The South African Police Vehicle Identification Number. This is a number that is uniquely generated by the SAPS vehicle circulation system. A SAPVIN is issued when a vehicle does not have a VIN and Engine number or a VIN or Engine number has been duplicated or when a VIN or Engine number has been altered, defaced or obliterated.
settlement	The act or process of settling something, for example a debt.
tracking device	A tracking device is installed in a motor vehicle to assist with the recovery of the insured vehicle should it be stolen or hijacked.  Acting like a "silent guard", early activation of the tracking device

	could result in the successful recovery of the stolen vehicle.
vehicle	<p>The phrase "vehicle" means the insured vehicle listed in the schedule or the replacement vehicle, as relevant. It includes the factory fitted accessories and spare parts when they are in or on the vehicle.</p> <p>This implies that, should the insured suffer a loss or damage to spare parts or factory fitted accessories of the motor vehicle, these <u>have to be</u> attached to the motor vehicle at the time of the loss or damage, in order for the policyholder to be indemnified.</p>

### 9.2 Who we insure

The following people are insured under this section:

- The policyholder;
- The regular drivers named in the schedule; and
- People driving your vehicle with your permission.

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### 9.3 What we insure

Mutual & Federal insures the vehicle listed in the schedule or any replacement vehicle.

The maximum compensation given for a replacement vehicle is not more than the retail or agreed value of the insured vehicle on your policy.

Types of vehicle we insure:

Category	Type of vehicle	Description
A	Cars	private motor cars
B	Light Delivery Vehicles (LDVs)	with gross mass of 3 500 kg or less
C	4x4 and 4x2 vehicles	a 4x4 or 4x2 vehicle of not more than 3 500 kg gross vehicle mass
D	Motorcycles and related vehicles	motor cycles (standard two and three wheeler motorcycles) motor scooters (with or without a side car) three- and four-wheeled motorised vehicles (quadbikes, off-road scramblers, all-terrain vehicles)
E	Caravans and trailers	a caravan or trailer, including its permanent fittings. The caravan or trailer must not be self-propelled

F	Golf cars	a motorised or battery-operated car designed for transport on a golf course
G	Recreational tractors	a self-propelled tractor or lawn mower used for domestic or recreational purposes (for example, mowing the lawn at your Private Home or launching a watercraft)

**9.4 Type of vehicle use**

When a vehicle is insured, the policyholder chooses the description of use for the vehicle.

The insured may only use the vehicle for the purpose in the description chosen and as shown in the schedule. If the vehicle is used for other purposes, the insurer will not accept any claims.

If the purpose of use of the vehicle is changed, it is the responsibility of the policyholder to inform the insurer immediately.

The two descriptions and their purposes are:

Description	Purposes
1. Domestic use	Social and private travel, travel to and from work. It includes occasional business travel but only in exceptional circumstances. If you use your vehicle for business, trade or occupation more than <b>once</b> a week it will not be covered under the Domestic class of use.
2. Business use	Business and professional travel, social, private, recreational travel and travel to and from work.

**We do not insure the following types of use:**

The policywording further states that the insurer will not insure the following types of use:

- Commercial travelling, for example couriers. If you use your vehicle for business, trade or occupation more than once a week it will not be covered under the Domestic class of use;
- Carrying fare-passengers;
- Giving lifts to passenger for profit, for example a vehicle sharing agreement. Vehicle sharing applies to category A, B and C only.

- Carrying goods for trade;
- Giving driving lessons for reward;
- Hiring out the vehicle for reward;
- Any racing or speed contest, rally or trial involving driving of any kind including use on 4X4 courses and test circuits, gymkhanas or any events held on a race track sanctioned by or under the auspices of a motoring club;
- Any purpose related to the motor trade, except when the vehicle is in the care of the motor trade for its maintenance or mechanical or electrical repair.

Accepting payment for giving lifts to passengers as part of a vehicle sharing agreement for social purposes or commuting, is not excluded under the type of vehicle use if both the following conditions are met:

- The passengers are not being carried in the course of a passenger carrying business;
- The total payment does not amount to profit.

### 9.5 Types of vehicle value

There are two types of vehicle value : Reasonable Retail value and Agreed value. The types of vehicle applies only to category A, B and C vehicles. The policyholder must check the schedule for the value type that applies to each vehicle insured.

<p><b>Type 1 : Reasonable Retail value</b></p>	<p>The Reasonable Retail value is the price at which a motor dealer sells a vehicle with its factory-fitted accessories.</p> <p>The value is based on the retail value shown for the vehicle in a recognised and current motor trade publication. The vehicle's age, condition and odometer readings might affect the value.</p> <p>The premium will be automatically adjusted, based on the most current retail value. This takes place on the anniversary date of the policy.</p> <p>You must insure the following items separately:</p> <ul style="list-style-type: none"> <li>- Non-factory fitted accessories</li> <li>- Credit shortfall (any amounts owing in the vehicle)</li> </ul> <p>The policyholder may change the amounts the non-factory fitted accessories are insured for at any time.</p>
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<p><b>Type 2 : Agreed value</b></p>	<p>The Agreed value is used for a special class of vehicles, for example, imported sports cars or vintage cars.</p> <p>The Agreed value is the value you wish to insure the vehicle for, including its factory-fitted accessories. The Agreed value is shown in the schedule.</p> <p>The policyholder must provide proof of the value of the vehicle from three reputable motor vehicle dealers. If the condition of the vehicle worsens after the agreed value valuation, but before a claim, the amount of compensation might be lower if there is a claim.</p> <p>At each anniversary date of the policy new proof of value must be produced for the next 12 months of insurance.</p> <p>If we do not receive new proof of value by the anniversary date, and the policy is renewed, the Agreed value will not change.</p>
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**Motorcycles and related vehicles, caravans and trailers, golf cars and recreational tractors**

The maximum compensation that we will pay is the limit shown in the schedule or the reasonable retail value of the vehicle at the time of the loss whichever is the lower.

**9.6 Types of insurance**

There are three types of insurance under this section:

- Comprehensive;
- Third Party, Fire and Theft; *Voertuig huur opsie tot 90 dae .*
- Third Party only.

Broadly speaking, the following is covered under each type:

The type of insurance you choose for each vehicle is shown in the schedule.

**What we insure under each type of insurance**

Comprehensive	Third party, fire and theft (does not apply to caravans and trailers, golf cars, recreational tractors, three and four wheeled motorised vehicles)	Third party only (does not apply to caravans and trailers, golf cars, recreational tractors, three and four wheeled motorised vehicles)
Loss or damage to the vehicle	Loss or damage to the vehicle from certain Insured events only	
Costs to protect the vehicle	Costs to protect the vehicle	
Costs for emergency repairs	Costs for emergency repairs	
Costs to tow and store the vehicle	Costs to tow and store	
Delivery after repair	Delivery after repair	
Medical expenses		
Window glass		
Credit shortfall (optional)		
Emergency expenses for accommodation		
Bereavement expenses		
Locks, keys and remote control units		
Tracking device		
Trauma counselling after a violent act	Trauma counselling after a violent act	
Mechanical and electrical breakdown of the vehicle		
Special modification to your vehicle	Special modification to your vehicle	
Car hire (Optional)	Car hire (Optional)	
4x4 and 4x2 Cover (Optional)		



Additional cover for locks  
keys and remote control  
units (Optional)

Cover for vehicles used in a neighbouring country for more than 3 days a week (Optional)	Cover for vehicles used in a neighbouring country for more than 3 days a week (Optional)	
Liability	Liability	Liability

It is important to note the type of insurance the policyholder chooses for each vehicle will reflect in the policy schedule. We will now consider each type of insurance in its entirety.

### 9.7 Comprehensive Motor Insurance

#### What we insure

If comprehensive insurance is chosen, the following are compensated for:

- Loss or damage to the vehicle;
- Liability.

If you have a valid claim for loss or damage under this section, we will also compensate you for the following:

#### Costs to protect the vehicle

This allows the insured to have the vehicle protected the vehicle. The word protection means to keep the vehicle from been damaged or stolen. If the insured loss or damage takes place, the insurer will pay reasonable costs for protecting the vehicle, up to the limit reflected on the policy schedule.

#### Cost for emergency repairs

The policyholder may authorise emergency repairs to the vehicle up to the limit reflected in the policy schedule without the insurer's consent. It is important to note that this may only be done on condition that the policyholder provides the insurer immediately with a detailed invoice from the repairer.

### Costs to tow and store the vehicle

The policy wording states that the policyholder must use the insurer's service provider for towing and storage after an accident. If the policyholder does not use the insurer's approved service provider, the compensation for towing and storage will be limited to the amount reflected on the policy schedule. The policyholder must contact the insurer's 24-hour call centre on 0860 247 365 to arrange towing and storage with one of the insurer's approved service providers.

### Delivery after repair

After the policyholder's vehicle has been repaired in South Africa following a valid claim, the insurer will pay the reasonable cost of delivering the vehicle to his/her home in South Africa.



**Reasonable** would be being within the bounds of common sense. It would mean not excessive or extreme in amount.

### Medical expenses

If the driver or passengers of the vehicle are physically injured because of loss or damage to the vehicle, the insurer will pay the medical expenses the policyholder incurs. The maximum the insurer will pay for each person injured is reflected on the policy schedule. The insurer will only give compensation if the injured person does not have any other insurance for medical expenses, for example medical aid.

This cover applies to the insured and occupants of the insured vehicle and not to the occupants of the third party vehicle.

This insurance applies only to category A, B & C, as set out in 'Types of vehicles which we insure'.

### Window glass

If the vehicle's window is damaged, the insurer will compensate the policyholder for replacing or repairing the window glass of the vehicle only if the following are met:

- The policyholder must use the insurer's service provider for the replacement or repair of the window glass.
- The insured must contact our service provider on 0860 22 55 63 to arrange an appointment to fit or repair the glass.
- The insured must pay the excess amount as shown in the schedule.

Window glass includes the windscreen, the side windows of the vehicle and the rear windscreen. This does not include cover for the front or rear lights of the vehicle. Sunroofs and other glass that form part of the body of the car are **not** window glass.

**Credit shortfall (optional)**

This insurance is optional as shown in the policy schedule. It is important to check the policy schedule to see whether the policyholder is insured for credit shortfall.



This insurance applies only to category A, B, C and D, as set out in 'Types of vehicles we insure'.

**What we insure under credit shortfall**

The insurer will compensate the policyholder for any credit shortfall the policyholder might have for the vehicle. The credit shortfall is the difference between:

- The total amount still owing on the vehicle at the date of loss to a registered credit provider (under the National Credit Act, Act 34 of 2005); and
- The Retail or Agreed value of the vehicle, as relevant.

The insurer will give compensation for credit shortfall if the vehicle is either:

- Stolen or hijacked and not physically returned to the policyholder or to the insurer; or
- Written off. This is when the vehicle is damaged and, in the insurer's opinion, is not economical to repair.



When a vehicle is the subject matter of a lease agreement or hire purchase and in the circumstances of a total loss, the amount outstanding on the loan will often be greater than the value of the vehicle. This means that the insured will still owe the credit company money, even though he /she no longer has a vehicle.

Detailed below is an example of credit shortfall that is reflected in the policy wording.

**Credit shortfall example:**

The insured buys a car for R160 000 and takes out vehicle financing from a registered credit provider to pay off the car in instalments. During the vehicle loan repayment period, the vehicle is written off and at that stage the insured owes the credit provider R150 000, but the Vehicle Retail Value is R145 000. The insurance company would pay the credit provider R145 000 less the insured's excess. If the insured has Credit Shortfall cover, the outstanding amount of R5 000 on the credit agreement is paid to the credit provider. Without Credit Shortfall cover, the insured would have to pay the R5 000 credit shortfall plus the excess. With Credit Shortfall cover, the insured is only responsible for the excess.

When claiming for credit shortfall, the policyholder must give the insurer both of the following within 30 days of the loss or damage:

- A copy of the credit agreement;
- A statement of the policyholder's account showing the settlement balance that is outstanding at the date of loss or damage.

**What is not insured under credit shortfall?**

The insurer will not include any of the following amounts in the compensation:

- Payment or interest that are in arrears before the date of loss or damage;
- Early settlement penalties;
- Any agreement whereby the amount of any single instalment, differs by more than 10% from any other instalment;
- Any other amounts that can be refunded to the policyholder, for example, extra payments the policyholder might have made to reduce the credit;
- Any legal costs the policyholder owes to the financial company.

**Emergency expenses for accommodation**



This insurance only applies to category A, B and C, as set out in 'Types of vehicles we insure'.



The policyholder may only claim for this insurance if the loss or damage took place more than 250km from the private home reflected on the policy schedule.

The insurer will compensate the policyholder for accommodation expenses that he/she and one passenger had to pay because of loss or damage to the vehicle. The insurer will compensate the policyholder up to the limit shown on the policy schedule for each person each day for a maximum of 2 days.

**Bereavement expenses**

The policyholder may only claim for bereavement expenses if the insurer has accepted a claim for loss or damage under this section. The insurer will compensate the policyholder estate if he/she dies as a result of the incident that led to the claim and within 3 months of that incident. The insurer will give compensation up to the limit reflected in the schedule for any one claim.

**Locks, keys and remote control units**


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The insurer will compensate the policyholder for loss or damage to the vehicle's locks, keys and remote units. The policyholder will be compensated up to the limit reflected in the policy schedule for any one claim.

**Tracking device**

If the policyholder has a tracking system in his/her vehicle and the vehicle is damaged beyond repair or is not recovered following theft, the insurer will compensate the policyholder for the costs to install a tracking system in the new vehicle. The insurer will compensate the policyholder up to the limit reflected on the policy schedule.






The policyholder's contract with the tracking company must be valid and the payments must be up to date at the time of the loss or damage. The insurer must authorise the installation before the policyholder may proceed with it.

**Trauma counselling after a violent act**

The insurer will compensate the policyholder for professional counselling that the policyholder pays for, after being the victim of a violent act of theft, attempted theft, hold-up or hijacking of the vehicle.

A registered professional counsellor must give the counselling. The insurer will compensate the policyholder up to the limit reflected in the policy schedule for any one claim.

**Mechanical and Electrical Breakdown of the vehicle**



This insurance only applies to category A, B and C, as set out in 'Types of vehicles we insure'.

The insurer will compensate the policyholder the costs he/she necessarily incurred for protecting the vehicle and transporting it to a repairer if there is a mechanical or electrical breakdown of the vehicle up to the limit reflected in the policy schedule.

The insurer will only compensate the policyholder for a breakdown once in a 12 month period.

The insurer will only give compensation if the policyholder does not have any other breakdown insurance.



The actual damage caused to the vehicle is not covered in terms of this cover and only the cost incurred for towing the vehicle to a place of safety is covered.

**Special modification to your vehicle**

- Insurance applies only to category A,B and C, as set out in 'Types of vehicles we insure'
- We will compensate you for the necessary and reasonable costs for special modifications to any one of the insured vehicles shown in the schedule.
- These special alterations are as a result of an accident that causes bodily injury which leaves you permanently disabled.
- You must have our permission in writing to incur these costs
- Maximum compensation is the limit shown in the schedule *R 10 000*

**Car hire (optional)**

In South Africa we do not have a good public transport service and if a vehicle is off the road for any length of time it could cause serious hardship. Therefore this cover is available as optional cover, granting the policyholder car hire following loss or damage to the insured vehicle. This insurance is optional as shown in the schedule. Please check your schedule to see if you have insured for car hire.

This insurance applies only to category A, B and C, as set out in 'Types of vehicles we insure'.

**When and how car hire is compensated for car hire**

If the policyholder has a valid claim, the insurer will compensate him/her for hiring a car following loss or damage to the vehicle in any of the following circumstances:

- If the vehicle cannot be driven;
- If the vehicle is being repaired;
- If the vehicle is stolen and not recovered.


The insurer will compensate the policyholder for:

- The actual car hire charges for an unlimited distance of travel, excluding running costs (fuel and oil);
- The cost of delivery of the hire car.

**Conditions for car hire**

There are certain conditions stated in the policy schedule in respect of car hire as follows:

- The insurer will arrange the car hire for the policyholder and will only hire cars from hire companies that they approve in South Africa;
- The insurer will only compensate the policyholder if he/she accepts the terms, conditions and exclusions of the hire company;
- The period of hire starts from any one of these dates:
  - The date the vehicle could not be driven;
  - The date the vehicle was handed to the motor trade for repair; or
  - The date the theft of the vehicle was reported to the insurer.
- The period of hire ends at the earliest of:
  - The day the vehicle’s repair is complete;
  - The day the insurer compensates the insured for the total loss of the vehicle; or
  - The last day of the number of days shown in the schedule.



The options for the period of car hire are 30, 60 and 90 days. The policyholder has an option to choose various categories of vehicles and pay the premium accordingly, however note that the category of vehicle selected should be in line with the insured’s current vehicle description or the policyholder’s requirements.

## 4x4 and 4x2 cover (Optional)

### What we insure

In the event that the compensation for loss or damage for the same cover is duplicated under "What we insure", it will be replaced by the compensation for loss or damage as shown under this option, where applicable. Limits provided by this option, overwrite the limits under "What we insure", where applicable.

We only compensate you for category A, B and C vehicles as shown under "Types of Vehicles we insure" that have a Comprehensive type of insurance.

If requested, the 4x4 and 4x2 cover is in addition to the cover provided under Comprehensive insurance i.e. what we insure. The table below illustrates the cover.

Insured Events	Comprehensive	4x4 and 4x2 (Optional)
Loss or damage to the vehicle	✓	✓
Costs to protect the vehicle	✓	✓
Costs for emergency repairs	✓	Additional benefit provided
Costs to tow and store the vehicle	✓	✓
Delivery after repair	✓	✓
Medical expenses	✓	✓
Window glass	✓	✓
Credit shortfall (Optional)	✓	✓
Emergency expenses for accommodation	✓	✓
Bereavement Expenses	✓	✓
Locks, keys and remote control units	✓	✓
Tracking device	✓	✓
Trauma counselling after a violent act	✓	✓
Mechanical and Electrical Breakdown of the vehicle	✓	Additional benefit provided
Special modifications to your vehicle	✓	✓
Car Hire (Optional)	✓	Additional benefit provided
Additional cover for locks keys and remote control units (Optional)	✓	✓
Cover for vehicles used in neighbouring countries for more than 3 days per week (Optional)	✓	✓



Liability	√	√
Mechanical and Electrical Breakdown of Winching Equipment		√
Head, tail or spotlights		√
Extinguishing costs		√
Documents		√
Wreckage removal		√

**Types of vehicle use**

We do not insure the following types of use:

- commercial travelling (for example, couriers);
- carrying fare-paying passengers;
- giving lifts to passengers for profit (for example, a vehicle sharing agreement);
  
- carrying goods for trade;
- giving driving lessons for reward;
- hiring out the vehicle for reward;
- any racing or speed contest or any events held on a race track sanctioned by or under the auspices of a motoring club;
- any purpose related to the motor trade, except when the vehicle is in the care of the motor trade for its maintenance or mechanical or electrical repair.

**The countries where policyholders are insured:**

South Africa, Botswana, Lesotho, Mozambique, Malawi, Namibia, Swaziland, Zimbabwe, Zambia, Tanzania, Kenya and Angola (excluding the Cabinda enclave)

**You must pay the costs of returning the vehicle to South Africa**

If loss or damage occurs to the vehicle in Zambia, Tanzania, Kenya and Angola, the policyholder is responsible for all costs they incur in bringing the vehicle back to South Africa.

Until the vehicle has been brought back to South Africa, we will not consider any claim for loss or damage to the vehicle.

If the vehicle is uneconomical to repair and the vehicle is not brought back to the said territories:

- the policyholder is responsible for providing proof that it is uneconomical to repair before the company will accept the claim;
- the value of the wreckage will be determined at 20% of the reasonable retail value or agreed value as shown in the schedule. This amount will be deducted from the claim.

### **Costs for emergency repairs**

If the policyholder has a valid claim, they may authorise emergency repairs to the vehicle up to the limit shown in the schedule. They must provide a detailed invoice and photographic evidence from the repairer as soon as is reasonably possible. Refer to the schedule for the additional limit of compensation.

### **Mechanical and Electrical Breakdown of the vehicle**

The cover provided under the 4x4 and 4x2 is the same cover provided under comprehensive. Refer to the schedule for the additional limit of compensation.

### **Mechanical and Electrical Breakdown of Winching equipment**

We will compensate the policyholder for sudden mechanical or electrical breakdown, failure or breakage of the winching equipment of the vehicle.

We do not insure the following failure or breakage:

- associated with defective design, defective parts, defective repair or operation of the winching equipment;
- due to wear, tear or gradual deterioration of the equipment, consumable parts or cable or coupling devices

We compensate the policyholder up to the limit shown in the schedule.

There is an excess in the schedule. This is the amount that the policyholder must pay before we compensate them.

### **Head, tail or spotlights**

We compensate the insured for the cost of replacing any head, tail or fitted spotlights accidentally damaged, even if there is no other damage to the vehicle.

There is an excess in the schedule head, tail or spotlights. This is the amount that the insured must pay before we will start compensating them.

### **Extinguishing costs**

We will compensate the policyholder for fire extinguishing costs or for fighting of a fire if the fire posed a danger to your vehicle and you are legally liable to pay for these costs.

Compensation is limited to the amount shown in the schedule for any one claim

### **Documents**

We will compensate the policyholder for:

- lost or damaged identity documents, passports, visas and vaccination certificates;
- any lost or damaged printed road maps or permits which allow the vehicle entry into or exit from countries.

Compensation is limited to the amount shown in the schedule any one claim.

### **Wreckage removal**

If the policyholder has a valid claim, we will compensate the policyholder for the cost of clearing up and removal of debris and wreckage of any insured vehicle following an insured event.

We compensate the policyholder up to the limit shown in the schedule for any one claim.

### **Car Hire**

If the policyholder has a valid claim, we compensate them for the actual car hire charges up to the limit as shown in the schedule for the hire of a vehicle including the cost of delivery for a vehicle from a Car Rental Company following loss or damage to the vehicle in any of the following circumstances:

- if the vehicle cannot be driven;

- if the vehicle is being repaired;
- if the vehicle is stolen and not recovered.

We compensate the policyholder only if they accept the terms, conditions and exclusions of the hire company.

The period of hire starts from any one of these dates:

- the date the vehicle could not be driven;
- the date the vehicle was handed to the motor trade for repair; or
- the date the theft of the vehicle was reported to us

The period of hire ends at the earliest of:

- the day your vehicle's repair is complete;
- the day we compensate you for the total loss of your vehicle; or after a maximum of 30 days.

**This brings us to the end of the 4x4 and 4x2 cover**

### **Additional cover for locks, keys and remote control units (Optional)**

We compensate you additional loss or damage to the vehicles locks, keys and remote control units. We compensate you up to the limit shown in the schedule for any one claim.

Cover is automatically provided up to a limit as indicated in the schedule for locks, keys and remote control units however if the policyholder requires an additional amount this cover can be purchased.

### **Cover for vehicles used in a neighbouring country for more than 3 days a week (Optional)**

Cover is only applicable to category A, B and C type vehicles.

The countries where cover is provided are Botswana, Lesotho, Mozambique, Malawi, Namibia, Swaziland and Zimbabwe.

### **What we insure**

Compensation is provided for loss or damage to the vehicle, only once the vehicle is brought back to South Africa.

If the vehicle is uneconomical to repair and the vehicle is not brought back to the said territories:

- the policyholder is responsible for providing proof that it is uneconomical to repair before the company will accept the claim;
- the value of the wreckage will be determined at 20% of the reasonable retail value or agreed value as shown in the schedule. This amount will be deducted from the claim.

**Liability**

The insurer will compensate the policyholder if he/she is held liable for another person’s death, bodily injury, loss or damage to property caused by the vehicle. We will discuss the terms and conditions later under the liability section.

**9.8 Third Party, Fire and Theft**

**What we insure**

If the policyholder chooses insurance Third Party, Fire and Theft, the insurer will only compensate him/her for the following:

**Loss or damage**

Loss or damage to the vehicle as a result of:

- Fire, lightning, explosion;
- Theft and attempted theft;
- Liability.

If you have a valid claim for loss or damage under this section we will also compensate you for the following:

Costs to protect the vehicle	Costs for emergency repairs
Costs to tow and store the vehicle following fire, theft and attempted theft	Delivery after repair
Trauma counselling after a violent act	Car hire (Optional)
Special modification to your vehicle	Cover to vehicles in neighbouring countries for more than 3 days per week (Optional)
Liability	

### 9.9 Third Party only

Basically, if the client selects Third Party (liability) cover only, then cover provided in respect of comprehensive cover is cancelled. Therefore, if the policyholder chooses insurance for Third Party only, the insurer will only compensate the policyholder for liability.

This type of cover indemnifies the insured against legal liability to third party for accidental death, injury, loss or damage to property that may occur. This cover will **not** cover the policyholders' own damage to the vehicle.

### 9.10 Liability



**Liability** means responsible in law.

#### What we insure

##### **Liability insurance for vehicles insured on this policy**

This cover compensates the policyholder for his/her legal liability to pay damages, costs and other expenses incurred in the settlement of third party claims for accidental death, bodily injury, loss or damage to property that arises from an accident caused:

- by the insured's vehicle during the period of insurance
- whilst the vehicle is towing a trailer, caravan, car or goods vehicle not exceeding 3500kg during the period of insurance (note: damage to the towed vehicle is not covered)

We do not cover if you are towing for reward.

##### **Liability insurance while other people drive or use the policyholder vehicle**

The insurer will also compensate any person who is driving or using the vehicle with the policyholder's permission if such person is held liable for another person's death, bodily injury, loss or damage to property occurring during the period of insurance.

The person driving with the policyholder's permission:

- Must not have a right to compensation under any other insurance;
- Must not have been refused motor insurance at any time;
- Must comply with the terms, conditions and exclusions of this policy.



It is the policyholder's responsibility to ensure that any person driving or using the vehicle is aware of the terms, conditions and exclusions of this policy.

### **Liability insurance for vehicles not insured on this policy**

The insurer will also compensate the policyholder if he/she is held liable for another person's death, bodily injury, loss or damage to property (excluding loss or damage to the vehicle itself) caused whilst the policyholder drives or uses a category A, B and C type vehicle, which is not insured on this policy during the period of insurance.

The insurer will only give compensation if:

- The policyholder does not own the vehicle;
- The policyholder is not buying, leasing or hiring the vehicle under a credit agreement or similar agreement.

The policyholder must check the policy schedule to see the Liability limits that apply to each vehicle.

### **Compensation**

The compensation includes the following:

- The amounts the policyholder is liable for;
- Legal costs of the other person that the policyholder is liable for;
- Costs that the policyholder incurs with the insurer's permission to settle or defend the claim against the policyholder.

### **Limit of compensation**

The compensation is limited to the amount shown in the policy schedule at the time of the insured event. This amount applies to any single event or for a series of events that are the result of one event.

For drivers aged 25 and under, please see the limit of Liability shown in the policy schedule for death or bodily injury to other persons travelling in the vehicle. This is shown as the Passenger Liability limit on the schedule

## **Legal representation for Liability claims**

The insurer may arrange:

- Representation for the policyholder at any inquiry into death resulting from an insured event;
- Legal representation for the policyholder's defence at any criminal proceedings resulting from an insured event.

## **What is not insured under Liability**

There are certain events which are not insured in the liability section of the Motor section. These are as follows:

### **Death of or bodily injury to certain people**

The insurer will not compensate for liability for death of or bodily injury to the following people:

- The policyholder, a person using or driving the vehicle with the policyholder's permission or members of his/her family, who normally live with him/her;
- The policyholder's employees, other than his/her domestic employees, acting in the course of their employment with the policyholder at the time of the event;
- Any person in or on a caravan or trailer while it is being towed by the vehicle;
- Any passenger who was outside the cab of the vehicle at the time of the event;
- Any person travelling on or mounting onto, or dismounting from any category D, F or G - type vehicle.

### **Loss of or damage to property belonging to certain people**

The insurer does not compensate for liability for loss of or damage to property:

- That the policyholder, a person using or driving the vehicle with the policyholder's permission or any members of his/her family own, look after or control;
- In or on a caravan or trailer while being towed.

### **If you are insured under other insurance legislation**

The insurer will not compensate for liability where the policyholder has insurance for liability under any other motor vehicle insurance legislation e.g. Road Accident Fund



### 9.11 What we do not insure (exclusions)

In terms of the policy wording under this section the insurer will not compensate the policyholder for any of the following:

- Deterioration in value resulting from repairs after an insured event;
- Wear and tear, mechanical, electronic or electrical breakdowns, failure or breakages;
- Damage caused by rust, mildew, corrosion or decay;
- Damage to tyres caused maliciously or by the application of brakes, distortion of the tyre or by punctures, cuts or bursts caused by road hazards;
- Any authority lawfully taking or impounding the vehicle or any part of the vehicle;
- Any event that takes place outside the countries where the policyholder is insured, except while the vehicle is in transit by water between ports in these countries;
- The vehicle being driven or used in any of the following circumstances:
  - Without a vehicle licence that is valid in the country where the vehicle is being used;
  - While the policyholder, or any other person drives the vehicle without a driver's or learner's licence that is valid in the country where the vehicle is being used, or if the policyholder or any other person does not comply with the relevant laws about licences;
  - While the policyholder drives the vehicle under the influence of alcohol or drugs or drives the vehicle when his/her blood-alcohol level is over the legal limit;
  - While any other person drives the vehicle is under the influence of alcohol or drugs or their blood-alcohol level is over the legal limit;
  - While the vehicle is in a condition that does not comply with the Road Traffic Ordinances of South Africa or similar legislation that applies to the country where the vehicle is being driven.

## 9.12 Compensation

In this section, the insurer will compensate the policyholder in one or more of the following ways:

### How we compensate you

The decision about how the insurer compensates is theirs alone. If we decide to repair the insured's vehicle and it is no longer under warranty, we can choose to replace non-safety/critical parts with parts that are not from the same source as supplied by the original manufacturer of the insured's vehicle, or with used parts which have been reconditioned.

We compensate the policyholder in one or more of the following ways:

- Pay for the vehicle's repair at a repairer that the insurer approves;
- Replace the vehicle;
- Pay the amount of the loss, damage or liability.

### Excess

There is an excess applicable under this section and it is reflected on the policy schedule. This is the amount that the policyholder must pay before the insurer will compensate them.

### Limit of compensation

#### **For first owners of new vehicles (vehicles types A, B and C only).**

The insurer will compensate the policyholder as follows if he/she is the first registered owner of a new vehicle and within 12 months of registration, if either of the following happens to the vehicle:

- It is stolen or hijacked and not recovered;
- It is damaged, and, in the insurer's opinion, not economical to repair.

For vehicles insured with a Reasonable Retail value, the limit of compensation is

- the current purchase price of a new vehicle of the same model (or similar model if the same model is not available) at the time of the loss or damage, less any excess.

For vehicles insured with an Agreed value, the limit of compensation will be the Agreed value adjusted for deterioration, less any excess amount.

#### **If you are not the first registered owner of the vehicle or after 12 months after first registration where you are the first registered owner.**

The insurer will compensate the policyholder up to the limit of compensation shown in the schedule if the policyholder is not the first registered owner of the vehicle or after 12 months after first registration, if either of the following happens to the vehicle:

- It is stolen or hijacked and not recovered;
- It is damaged, and in the insurer opinion, not economical to repair.

The limit of compensation is the Reasonable Retail value or Agreed value of the vehicle adjusted for deterioration (as relevant) at the time of the loss or damage, less the excess amount.

**If you are the registered owner of a code 3 vehicle, built-up vehicle or a vehicle with SAPVIN numbers**

The insured will be compensated for code 3 vehicles, built-up vehicles or vehicles with SAPVIN numbers, if either of the following happens to the vehicle:

- It is stolen or hijacked and not recovered;
- It is damaged and, in our opinion, not economical to repair.

The limit of compensation is limited to 70% of the Reasonable Retail Value or Agreed Value of the vehicle adjusted for deterioration (as relevant) at the time of the loss or damage, less the excess amount.

**No cover for sound equipment**

The insurer will not insure sound equipment under the following types of insurance:

- Third Party, Fire and Theft;
- Third Party only.

The insurer will compensate the policyholder for sound equipment if insured separately as an accessory under this section or under the All Risks section.

**Recovery of the excess**

The insurer will not be responsible for recovering the excess from the party who was at fault. However, the insurer may choose to do so. If the insurer recovers all or part of the policyholder's excess, the insurer will repay all or part of it to the policyholder.

**9.13 Special Conditions**

Special conditions state the position or circumstances relating to the rights and duties of both the insured and insurer. These conditions will usually state what must

or must not be done before the start of the policy cover or before a loss occurs or (on occasion) after a loss has occurred.

Breach of a condition, which is a general condition, could result in a section or even the entire policy being rendered voidable. General conditions will apply to all sections of the policy.

Special conditions only apply to the section in which they are stated. These override general conditions, but only the section of the policy where those special conditions appear.

The special conditions which apply to the Motor section are the following:

### **You must take care of your vehicle**

The policyholder must take all reasonable steps to protect and ensure that his/her vehicle is roadworthy at all times, according to relevant legislation.



### **You must keep your vehicle secure**

If the policy schedule states that the policyholder's vehicle is fitted with a security system, it is the policyholder's responsibility to prove that the security system was installed. If the policyholder does not prove this, he/she will not receive compensation for claims arising from theft, attempted theft or hijacking. Examples of security systems are: satellite tracking systems, immobilisers and alarms.

The insurer will only compensate for loss or damage from theft, attempted theft or hi-jacking if the policyholder complies with the service agreements and recommendations of the security system's manufacturers and installers.

For satellite tracking systems the insurer will only compensate the policyholder if he/she:

- Immediately, and at own expense, notifies the authorities and the vehicle tracking company of the event;
- Does not interfere, for example by not paying fees, with the tracking or response company's ability or willingness to track and recover the vehicle effectively;

- Does not cancel the service agreement.

**You must agree to inspections**

The insurer may ask an inspection agent to inspect the policyholder’s vehicle at any time. The insurer may decide not to insure the policyholder’s vehicle if the policyholder does not agree to the inspection. The insurer reserves the right to change the terms, conditions and exclusions, or to cancel the insurance immediately based on the outcome of the inspection.

**You must pay costs of returning the vehicle to South Africa**

If loss or damage occurs to the vehicle outside South Africa, Botswana, Lesotho, Mozambique, Malawi, Namibia, Swaziland and Zimbabwe, the policyholder will be responsible for all costs he/she will incur in bringing the vehicle back to South Africa. The insurer will not compensate the policyholder for these costs.

Until the vehicle has been brought back to South Africa, the insurer will not consider any claim for loss or damage to the vehicle.

**You must tell us about any traffic offences**

The policyholder must tell the insurer immediately in writing if his/her driver’s licence, or the driver’s licence of anyone the policyholder allows to drive the vehicle, is endorsed, suspended or cancelled. This includes a conviction for or charges brought against the policyholder and anyone the policyholder allows to drive the vehicle for:

- Negligent driving;
- Reckless driving;
- Driving under the influence of alcohol, drugs or driving a blood-alcohol level that is over the legal limit.

**We may pay value for unavailable spare parts**

If any part needed to repair the vehicle is not available in South Africa as a standard part, the insurer will compensate the policyholder for an amount up to the manufacturer’s list price at the time of the loss or damage. This amount includes the reasonable cost to transport the part, other than by air, to South Africa.



**Only the policyholder can claim under this section**

Only the policyholder may claim under this section of the policy. If the insurance applies to someone other than the policyholder, the policyholder must claim for them. The insurer will have no further responsibility under this section once the insurer has compensated the policyholder.

**The policyholder will be compensated first**

The policyholder receives compensation before any other people insured under this section. If more than one person has a right to insurance under this section, the limit of compensation applies to the total compensation the insurer provides.

**Underwriting Rules**

The underwriting rules are comprehensive and complex. It is advised that you take time to read these carefully.

**Motor Vehicles**

Cover for this section cannot be taken out on its own.

Vehicles that have been scrapped, i.e. code 4 vehicles, are also declined.

Golf cars and Recreational tractors cannot be insured on their own and must be supported by Household Goods – Full Cover.

**Named Drivers**

To qualify for a discounted premium, driving can be restricted to two named drivers – one must be the usual driver and the other 35 years or older. If a vehicle is valued at R1 500 000 and over, driving is automatically restricted to two named drivers. The premium is not discounted in this instance.

**Usual Driver**

- The risk should be referred when the usual driver age is under 21 and over 80 years of age or if they have been driving for less than 1 year regardless of age.
- Persons over the age of 80 years are required to complete a medical certificate at anniversary of their policy on an annual basis. This medical certificate can be included when the client visits his doctor but must be within 6 months of anniversary.

- Rates and terms are based on the age and occupation of the driver. Therefore, a usual driver, if not the insured or spouse, may not qualify for retired benefits under the policy.
- The correct identity number and date of birth must be captured for the usual driver.

### Waiver of Excess

A client may select to waive the Standard Excess, subject to an additional premium. This extension *may not* be granted for any *driver under the age of 30 years*. If the Standard/Selected excess is waived, then the windscreen excess is also waived.

### Vehicle details

The registration certificate reflects the vehicle status. The codes are as follows:

- NEW / NUUT (Code 1)
- USED / GEBRUIK (Code 2)
- SCRAPPED / GESKRAAP (Code 3)
- DEMOLISHED / VERNUITIGE (Code 4)

The correct Vehicle License number, Vehicle Identification Number (VIN) and Engine Number must be captured (TBA or any variation thereof is not acceptable).

Under no circumstances may the registration number be manipulated to bypass the duplicate registration validation within the system. If a registration is duplication, this must be investigated and corrected on the system.

Full make / model and year of manufacture of the vehicle must be captured as this influences the rating.

Should the vehicle not appear as an option to select contact the Broker Service Centre for assistance. Under no circumstances should a rating of another vehicle be used. Using different makes / models purely for processing purposes is not acceptable.

### Vehicle Security

Vehicles insured for Comprehensive or Third Party Fire and Theft cover must either be VSS Compliant (Insured Category A or B as shown in the policy wording ) or must be fitted with an approved immobilizer (level 4 immobiliser is considered to be approved).

## Satellite Tracking System

Vehicles with a retail value or agreed value including accessories of R500 000 and more warrant the fitment of Early Warning Satellite Tracking Systems by an approved satellite tracking company. If no tracking device is fitted, an additional theft excess of R2750 will apply. Vehicles values at R1500 000 and above must have an early warning tracking device fitted. This is compulsory and may not be waived under any circumstances. The fitment of a tracking device does not invalidate vehicle warranties. If you are unsure, tracker fitment companies can be contacted for advice in this regard. Mutual & Federal reserves the right to request a tracking device to be fitted to any vehicle if required.

## Vehicle Inspections

Vehicles not purchased new and which have not been previously insured may warrant inspection. Vehicles with existing damage must be inspected. If the vehicle is not in a roadworthy condition, it can impact on both our own damage and third-party claims. If there is existing damage on the vehicle, this must be excluded by means of endorsement or, alternatively, cover may be deleted depending on the results of the inspection report.

## Extension of territorial limits

Extension of territorial limits can be granted in specific circumstances subject to additional rates and terms being imposed. Refer to Personal Technical for authorisation and approval.

## Towing Costs

Towing costs are limited to R 2 500 if the client does not use our Call Centre to arrange towing. The Call Centre can be reached on 0860 247 365.

## Vehicle Sharing

Vehicle sharing in a lift club is deemed to mean driving of one person's vehicle this week and another next week.

## Modification of vehicle

The system has a question that relates to the modification of vehicles, which reads as follows:

"Modified      Yes / No"



If the user indicates that the vehicle is modified, a drop down list appears, as follows:

- Performance modification;
- Cosmetic modification;
- Performance and cosmetic modification;
- Unknown.

The user would have to select which ever modification is applicable and the system adjusts the rates accordingly. A referral will raise, wherein all the relevant information would have to be supplied to the Personal Technical Underwriting area for authorisation. Information would include, but not be limited to:

- Type of modification;
- Cost of modification;
- Copy of any invoice detailing modification carried out.

## Motorcycles

### Dependant Sections

This section must be supported with at least a House owner's, Household Goods or Motor Section.

### Registered Owner

If the registered owner of the vehicle is not the policyholder or spouse, this must be referred to Personal Technical for acceptance.

### Usual Driver

The risk should be referred to Mutual & Federal when the usual driver age is under 21, and over 80 years of age. Persons over the age of 80 years are required to complete a medical certificate at anniversary of their policy on an annual basis. This medical certificate can be included when the client visits his doctor but must be within 6 months of anniversary. Our rates and terms are based on the age and occupation of the driver. Therefore, a usual driver, if not the insured or spouse, may not qualify for retired benefits under the policy. The correct identity number and date of birth must be captured for the usual driver.

## Quads

Unlicensed Quad Bikes / Off-Road Bikes / Scramblers	All unlicensed quads must be insured under the Motor Cycle Section and can be done so by selecting "Comprehensive cover (OD)", registration numbers are not mandatory but vin and engine number are. Liability is limited to R250 000.
Licensed Quad Bikes	The standard procedure applies for Licensed Quad bikes as that for a Motor Cycle.

### Vehicle details

The correct Motorcycle License number, Vehicle Identification Number (VIN) and Engine Number must be captured (TBA or any variation thereof is not acceptable).

Under no circumstances may the registration number be manipulated to bypass the duplicate registration validation within the system. If a registration is duplication, contact the Generic staff workshop for assistance.

Full make/model and year of manufacture of the motorcycle must be captured as this influences the rating. Should the vehicle not appear as an option to select, contact the generic staff workshop for assistance. Under no circumstances should a rating of another vehicle be use. Using different makes/models purely for processing purposes is not acceptable.

### Caravans and Trailers

#### Dependant Sections

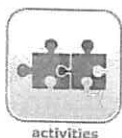
A Houseowners, Household Goods or Motor section must support this section.

### Vehicle details

The correct Vehicle License number, Vehicle Identification Number (VIN) and Engine Number must be captured (TBA or any variation thereof is not acceptable). Under no circumstances may the registration number be manipulated to bypass the duplicate registration validation within the system.

### Registered Owner

If the registered owner of the vehicle is not the Policyholder or spouse, this must be referred to Personal Technical for acceptance.



## ACTIVITIES

### Activity 1

The policyholder reports a claim wherein he was involved in a motor collision. The collision occurred on an isolated road and the vehicle could no longer be driven. The policyholder advised that he arranged for the vehicle to be towed to the nearest panel beater and that he has given his insurance details to the driver of the other vehicle involved in the collision.

The policyholder wants to know exactly what is covered and how soon his vehicle can be repaired.

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### Activity 2

The policyholder has his permanent residence in Johannesburg. While on holiday in Durban he has an accident. The insurer has the vehicle repaired in Durban as it is not feasible to tow the vehicle back to Johannesburg. The policyholder returned to Johannesburg as he had to return to work. A couple of weeks later the policyholder received a call advising him that the vehicle had been repaired and was ready for collection.

What cover is available to the policyholder in terms of the policy wording?

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### Activity 3

The policyholder was involved in a motor accident and was injured. He had to receive medical attention. What cover would be available in terms of the policy wording and are there any conditions attached to this cover?

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### Activity 4

The policyholder's neighbour's children were playing cricket in their backyard. One of the children hit the ball and it went through the sunroof of the policyholder's motor vehicle.

Would this be covered in terms of the window glass cover under the policy?

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**Activity 5**

The policyholder and his spouse decided to go on holiday to Cape Town. They left Nelspruit late in the afternoon and about 175km outside of Nelspruit they were involved in an accident. They could not continue driving the vehicle due to the damage sustained to the vehicle. The policyholder decided to book himself and his spouse into the local hotel overnight.

Would the accommodation expenses be covered in terms of the policy wording?

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**Activity 6**

The policyholder was travelling home from work. Unbeknown to him the alternator of his motor vehicle was not charging and the battery of the vehicle was being drained. Eventually the battery ran flat and the engine stopped, which resulted in the vehicle being parked on the side of the road.

Would the vehicle repair costs be covered in terms of the policy wording?

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### Activity 7

The policyholder was held up at gunpoint during a hijacking and his vehicle was stolen. As a result of this trauma, the policyholder experienced emotional numbness, sleep disturbances, depression, anxiety, irritability and outbursts of anger. He required professional counselling.

Would the counselling expenses be covered in terms of the policy wording?

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### Activity 8

While driving home, the drive shaft universal joint of the policyholder's motor vehicle breaks. With no power supplied to the wheels, the vehicle is parked on the side of the road.

What would be covered in terms of the policy wording?

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## Summary

The motor insurance section of the allsure policy is possibly one of the more important sections for the general policyholder. It is also the one that requires a fair amount of explanation when working with a client.

The fact that the client is able to choose a specific type of insurance and the consideration of the type of vehicle, the vehicle use and the vehicle value makes it all the more complex. It is therefore necessary for you to have all the information at your fingertips and to be confident about the information you provide your client regarding motor insurance.

This learning unit has covered the three types of insurance in detail, as well as having looked at the various categories of vehicles and all associated conditions.

The liability aspect of this section has been explained and includes all conditions and exclusions. General exclusions across this section have also been identified in respect of the different vehicle types.

It is hoped that you have found the answers to all your questions regarding a reasonably complex section of the policy.

