

Mechanical Breakdown Warranty Insurance (Key Fact Sheet)

What is Mechanical Breakdown Warranty (MBW)?

If your vehicle breaks down unexpectedly due to a mechanical or electrical fault, it could cost you time and money in repairs that you hadn't budgeted for. MBW Insurance will help.

What is the MBW benefit?

With MBW Insurance, the same electrical and mechanical components that were covered under the original manufacturer warranty are still covered, and the costs of repairing your vehicle (parts and labour) will be covered to a high degree, depending on the level of coverage your vehicle qualifies for (based largely on age, mileage and make).

MBW Market Value

On the purchase date if your vehicle is at least 4 years old and

- Outside of the manufacturer warranty period (or within 10,000 kms/12 months of its expiry)
- Up to 10 years old *and* has travelled no more than 120,000 kms since new

you are covered for all repairs up to the Market Value of the vehicle on the date of repairs (subject to the total repairs on the vehicle over the life of the policy not exceeding the original Purchase Price of the vehicle).

MBW 5000

On the purchase date if your vehicle is at least 4 years old and

- Not eligible for MBW Market Value
- Outside of the manufacturer warranty period (or within 10,000 kms/12 months of its expiry)
- Up to 12 years old *and* has travelled no more than 160,000 kms since new

you are covered for all repairs up to \$5,000 (subject to the total repairs on the vehicle over the life of the policy not exceeding the original Purchase Price of the vehicle).

MBW 3000

On the purchase date if your vehicle is at least 4 years old and

- Not eligible for MBW 5000
- Outside of the manufacturer warranty period (or within 10,000 kms/12 months of its expiry)
- Up to 15 years old *and* has travelled no more than 200,000 kms since new

you are covered for all repairs up to \$3,000 (subject to the total repairs on the vehicle over the life of the policy not exceeding the original Purchase Price of the vehicle).

Ineligible Vehicles

Some vehicles are not eligible for MBW Insurance.

In general, ineligible vehicles include

- Any vehicle with a new price over \$160,000
- Some exotic, high performance or luxury brands
- Some brands that are no longer sold in Australia

A complete list of excluded vehicles is provided in the Target Market Determination (TMD) documents.

Australian Consumer Law (ACL)

Cover under an MBW Insurance policy is designed to commence on the later of

- Expiry of the Manufacturer Warranty
- Expiry of the 90 days/5,000 kms Statutory Warranty

Given almost all vehicles sold new in Australia now come with a 5-year/100,000 kms manufacturer warranty as a minimum (the longest manufacturer warranties provided anywhere in the world by these same manufacturers selling comparable vehicles worldwide), we believe our MBI products are unlikely to have material overlapping coverage with any rights you may have under Australian Consumer Law.

Product Quality

MBW Insurance is the highest quality type of extended warranty insurance product available in Australia.

The covered components are identical to those covered under the original manufacturer warranty. The excluded components list includes fair wear and tear and servicing items such as brake pads and oil filters, exactly as for the manufacturer warranty.

This will be far more comprehensive coverage than many other insurance and non-insurance extended warranty products available in the marketplace. More detail is in our Target Market Determination (TMD) document, available on our website.

The individual claim caps applied under MBW 5000 (i.e., \$5,000) and MBW 3000 (i.e., \$3,000) help us keep MBW premiums for older vehicles affordable and in proportion to the declining value of the ageing vehicle. With MBW 5000 and MBW 3000 you may need to make a co-contribution to the cost of a larger claim. You are unlikely to be able to obtain any repair work of comparable quality at lower costs than that provided by our repairers.

Servicing Requirements

A key condition of our MBW Insurance policy is to continue to service the vehicle in accordance with the manufacturer's ongoing requirements. However, you are not required to service the vehicle any more frequently than the manufacturer's requirements.

If you fail to service the vehicle in accordance with those ongoing manufacturer requirements, we may reduce or decline your claim if lack of servicing can reasonably be expected to have a material bearing on the failure of the covered component.

For example, if you fail to service the vehicle properly, in all likelihood, we will

- Continue to accept a claim for an electric window motor
- Decline or reduce a claim for engine valve failure

We also require you to get your vehicle serviced by a certified professional technician.

Our products are not suitable and not intended for consumers who wish to undertake their own servicing nor are they suitable nor intended for consumers who do not wish to comply with the manufacturer's ongoing servicing requirements.

Our Pricing

Your MBW premium is risk-rated. This means your MBW premium is proportional to the expected repair cost risk associated with your vehicle.

To achieve this we need to charge different premiums depending on

- The make, model and key features of the vehicle
- The term of the MBW Insurance policy
- The vehicle age and odometer reading on the day you purchase the MBW Insurance

There are too many combinations of vehicle factors to list out all possible MBW premium rates in this Fact Sheet.

However, our prices vary widely by term and vehicle. e.g.,

- from around \$500 for a 12-month MBW Market Value policy on a small Japanese/Korean 2WD vehicle with less than 60,000 kms (at commencement)
- from around \$2,000 for a 24-month MBW Market Value policy on a large Japanese/Korean 4WD utility with 100,001 kms - 120,000 kms (at commencement)
- from around \$3,000 for a 36-month MBW 5000 policy on a mid-size Japanese/Korean 2WD saloon with 140,001 kms - 160,000 kms (at commencement)

“Goldilocks” premiums

The risk-rated approach to our premium rates ensures you always pay a fair premium for your cover - not too much, not too little, just the right amount.

Optional Tyre & Wheel cover

The MBW Insurance policy can include optional Tyre & Wheel Insurance (TWI).

TWI covers you for non-cosmetic damage to tyres and wheels including puncture repairs and structural damage to tyres and wheels caused by road and driving hazards (e.g., potholes).

However, TWI does not provide coverage for

- purely cosmetic damage (e.g., scuffing of wheels and/or tyres on a kerb)
- tyres that simply wear out; the tyre must be road-legal at the time of any claim

All TWI policy terms are for 12 months only (but the TWI policy is annually and indefinitely renewable).

TWI provides

- Unlimited puncture repair claims per year
- Up to 4 tyre replacements per year; up to \$500 per tyre
- Up to 2 repairs (or replacements) to wheels per year; up to \$1,500 per wheel

Replacement tyres will, in general, be the same dimensions as those insured under the TWI policy and any replacement wheels will be as closely matched to the original wheels as possible.

TWI premiums are also risk-rated, and we charge different premiums depending on

- Tyre dimensions (profile and width)
- Whether or not the tyres are self-supporting (“run-flats”)

Dispute Resolution and Complaints

If you are unhappy with our claim decisions, or any other aspect of the service provided to you, you have the right to complain and/or lodge a formal dispute through us.

We are a signatory to the General Insurance Code Of Practice (GICOP) and we offer both Internal Dispute Resolution (IDR) and access to External Dispute Resolution (EDR) through the Australian Financial Complaints Authority (AFCA).

These are industry-consistent services that ensure you get a fair go in relation to the payment of any claim, or indeed any other dispute.

We pay all valid claims.

Product Disclosure Statement

What is described above is illustrative only.

For full terms and conditions please refer to the Product Disclosure Statement (PDS) which applies to your MBW Insurance policy purchase.