

MemberCare™ Mortgage Insure Life Protection

Product Disclosure Statement
incorporating the Policy Wording



Your mortgage protection

Preparation Date: 01 March 2007

MEMBERcare™


Welcome to the CUNA Mutual Group

CUNA Mutual Life Australia Limited ABN 83 089 981 073 Australian Financial Services License (AFSL) 245492 is part of the CUNA Mutual Group, one of the leading financial services providers to community-based financial institutions such as Credit Unions, Building Societies, Co-operatives, and Community Banks and their members worldwide.

Established in 1935, the CUNA Mutual Group operates in over 10 countries. Starting its Australian operation in 1969, today it provides insurance and insurance-related products to over 90% of Australia's Credit Unions.

We are committed to providing Australian community-based financial institutions and their members with strong personal and financial protection through *our* MemberCare range of products and services as well as specialist insurance support.

For further information please see *your* community-based financial institution or contact one of *our* accredited customer service insurance consultants on 1800 636 430.

Confirmation Facility

You may obtain confirmation of any *policy* transaction by calling 1800 636 430 or email insuranceservices@cunamutual.com.au.

Product Disclosure Statement (PDS)

This *PDS* which incorporates *your policy* wording contains information required under the Financial Services Reform Act 2001. The information contained in this *PDS* is designed to help *you* understand the *policy* and to decide whether to purchase this insurance product. To assist with *your* decision we have divided this *PDS* into two sections:

- The first section highlights important information about this insurance *policy* including its significant features and benefits, the risks and some information about how the *premium* is calculated.
- The second section is the *policy* wording and sets out all the standard terms, conditions and limitations of this insurance *policy*.

It is important that *you* read both of these sections carefully before *you* apply for this insurance, to make sure *you* understand the insurance *cover* provided and the *policy's* limitations.

This *PDS* must be read in conjunction with the *schedule* and *your application*. Together they form the basis of *your* insurance contract and both should be retained in a safe place.

Words throughout this *PDS* written in italics have special meaning. Please refer to pages 16-17 for these meanings. For future reference, *you* should retain this *PDS* in a safe place.

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SECTION 1

SIGNIFICANT POLICY INFORMATION

Who is the Insurer of this *Policy*?

Our death cover is a life risk consumer credit insurance benefit.

The insurer of this *policy* is CUNA Mutual Life Australia Limited
ABN 83 089 981 073 AFSL 245492.

How *You* can Contact *Us*

You may contact *us* by phone or by writing to *us* at:

CUNA Mutual Group
Level 10, 345 George Street,
Sydney NSW 2000
GPO Box 1276,
Sydney NSW 2001

Policy enquiries: 1800 636 430

Claims enquiries: 1800 226 122

How to Apply for this Insurance

Before *you* apply for this insurance it is important that *you* read, understand and accept *your* duty of disclosure and *our* privacy promise. *You* can apply for this insurance by completing *our* application process that is administered by *your* financial institution.

If *we* accept *your* application, *you* will receive a schedule that identifies the insured, the insurer, the *period of insurance*, the *premium*, the *cover(s)* selected, the limits of liability and other important information.

To be eligible for MemberCare Mortgage Insure – Life Protection *you* must at the *commencement date* of this insurance:

1. be less than 60 years of age
2. be a *permanent resident of Australia* unless *you* are a member of the Australian Defence Force posted overseas or *we* agree in writing to insure *you*.

Your Duty of Disclosure

The Insurance Contracts Act 1984 imposes a duty of disclosure on *you* when *you* first enter into an insurance *policy* with *us*, and *you* vary, renew, extend, reinstate or replace *your* insurance *policy*.

1. *Your* Duty of Disclosure when *you* first enter into this *policy* with *us*.

What *you* must tell *us*

When answering *our* questions, *you* must be honest. *You* have a duty under law to tell *us* anything known to *you*, and which a reasonable person in the circumstances would include in answer to the question. *We* will use the answers in deciding whether to insure *you* and anyone else to be insured under the *policy*, and on what terms.

SIGNIFICANT POLICY INFORMATION

Who needs to tell us

It is important that *you* understand *you* are answering *our* questions in this way for *you* and anyone else that *you* want to be covered by the *policy*.

If *you* do not tell us

If *you* do not answer *our* questions in this way, *we* may reduce or refuse to pay a claim or cancel the *policy*. If *you* answer *our* questions fraudulently, *we* may refuse to pay a claim and treat the *policy* as never having worked.

2. *Your Duty of Disclosure when you renew, vary, extend, reinstate or replace this policy.*

Before *you* renew, extend, vary, reinstate or replace this insurance *policy* with *us*, *you* have a duty to disclose to *us* every matter that *you* know, or could reasonably be expected to know, is relevant to *our* decision whether to accept the risk of the insurance and, if so, on what terms.

Your duty, however, does not require disclosure of a matter:

- that diminishes the risk to be undertaken by *us*
- that is of common knowledge
- that *we* know or, in the ordinary course of business, ought to know
- where *we* waive *your* requirement to comply with *your* duty.

If *you* do not tell us

If *you* fail to comply with *your* duty of disclosure, *we* may be entitled to reduce *our* liability under the *policy* in respect of a claim or may cancel the *policy*. If *your* nondisclosure is fraudulent, *we* may also have the option of avoiding the *policy* from its beginning.

Pre-existing condition

You are not required to tell *us* about any *injury* or *illness*, first manifesting itself during the *period of cover*, unless *we* ask *you* to do so.

Our Privacy Promise

We are committed to protecting *your* personal information.

What information do we collect?

The *application* for this insurance only asks *you* for the information that is necessary for *us* to assess *your application*. We may also obtain personal information about *you* from other forms or health statements completed in connection with this insurance, other insurers, an insurance reference service or as permitted or required by law

If *you* don't give *us* the information

If *you* do not give *us* all the information requested, we may not be able to process or accept *your application* for insurance.

How we use the information

We use the information we collect about *you* to assess *your application* for insurance and the risk involved. If we issue *you* with a *policy*, we will also use the information to administer *your policy* and assess any claims. From time to time we may send *you* information on other insurance products.

Disclosure to third parties

We will only disclose information about *you* to a third party if we need to in order to process *your application*, administer *your policy* or investigate and assess any claims. The parties to whom we may disclose *your* personal information include (but are not limited to) reinsurers, health providers, loss assessors, investigators, legal advisors and external complaints and dispute resolution bodies.

We will also disclose information about *you* to a third party if required to by law.

Access to information

You are entitled to access *your* personal information, except in some limited circumstances outlined in the Privacy Act 1988. *You* can request access to *your* personal information by writing to *us*.

Privacy enquiries or complaints

We have internal procedures in place to ensure that any concerns *you* may have relating to the privacy of *your* information are resolved promptly, including access to *our* Internal Dispute Resolution Panel.

SIGNIFICANT POLICY INFORMATION

If we are unable to resolve *your* complaint internally, *you* can direct *your* complaint to:

The Director of Compliance
Office of the Privacy Commissioner
GPO Box 5218, Sydney NSW 2001.
Tel: 1300 363 992

Please ask *us* if *you* have any queries on what personal information we collect or how it will be used. A copy of *our* Privacy Policy is available on request.

Consumer Credit Insurance (CCI)

MemberCare Mortgage Insure – Life Protection is a CCI product and is an optional form of loan protection. It is designed to protect a borrower's loan repayment obligations in the event of their death.

MemberCare Mortgage Insure – Life Protection is not compulsory and it is not a condition of *your loan contract* that *you* have this insurance. If *you* do choose to take out CCI, *you* may do so with another insurer.

It is important for *you* to read the *policy* wording carefully to make sure *you* understand the *cover* provided and the *policy's* limitations.

Significant Features and Benefits of this Insurance

The following information lists some of the significant features and benefits available under *our policy*. For full details of the features and benefits of this insurance *cover you* need to take the time to read the *policy* wording.

Death *Cover* applies 24 hours a day, 7 days per week. For a more comprehensive overview of *your cover* options, speak to *your* financial institution.

In the event of death, we will pay to *your* financial institution the current insured *loan contract* amount stated in the *schedule* (to a maximum of \$500,000).

If *you* die (other than by suicide), during the period of time between the date *your* loan is approved and when the funds are advanced, we will pay the death *cover* provided *your application* has been accepted and death occurs within 120 days of *your* loan being approved.

Suspended Cover

Where a *replacement policy* is issued within 90 days of an existing *policy* being terminated due to repayment or discharge of the *loan contract*, the *Suspended Cover* allows *you* to claim for death from a *pre-existing condition* which first manifested during the *period of cover* of the terminated *policy*.

Significant Risks of this Insurance

The following information lists some of the significant risks arising under *your policy*. It is important that *you* take the time to carefully read the *policy* wording in full before applying for this insurance. If *you* breach or do not comply with the terms of this *policy*, subject to the Insurance Contracts Act 1984, we may refuse to pay *your* claim or reduce any payment.

The terms of the insurance contract vary from the standard *cover* prescribed under the Insurance Contracts Act 1984.

Variation of cover

If *you* vary any of the terms of *your loan contract* we may, at our option:

1. cancel the *policy*
2. amend this *policy* in writing to include the variation, or
3. require *you* to replace the *policy*.

Disclosure

You have disclosure obligations under this contract of insurance, which are set out on pages 7-8 of this *PDS*.

Failure to comply with these obligations can have serious consequences in terms of *your insurance cover* or in the event of a claim being made.

Under Insurance

If *you* increase *your loan contract* amount, *you* will need to request an endorsement to *your policy* to ensure that *you* have adequate *cover*.

General Exclusions of this Insurance

The insurance we offer to you under this *policy* provides *cover* for certain events. There will be situations where this *policy* provides no *cover* at all. Those situations are set out in the *policy* wording. For full particulars of all these exclusions, you must take the time to read this in detail.

The following lists some of the events which will not be covered under your insurance *policy*. For a comprehensive list and further details on these, see page 18, under the headings "What we won't pay for".

1. any claim if your death is the result of a suicide within 13 months of the *commencement date* of the *period of cover*
2. any claim arising out of a *pre-existing condition*.

How we Price this Insurance Product

The *premium* is payable annually or by instalment *premiums*.

Your *premium* is calculated based on factors which may include your age, gender, whether or not you smoke, and the sum insured and/or repayment as shown on your *schedule*. The *premium* we charge is subject to Commonwealth and State taxes and/or charges. These include Stamp Duty and the Goods and Services Tax.

Premium Payment

The *premiums* for this insurance may be paid by credit card or direct debit from an approved savings or cheque account.

Taxation Information about this Insurance

The *premium* shown in your *schedule* sets out the *premium*, GST and stamp duty applicable.

Any payments made by us for claims may have an impact on your income for the purposes of the Income Tax Assessment Act. You should obtain independent advice to see how this may affect you.

Our Service Commitment – Dispute Procedures

We are committed to service excellence. An integral part of our service excellence is the provision of an efficient, free and fair internal dispute resolution procedure.

Should *you* have a complaint in connection with this *policy* relating to a claim, *our* service or that of *our* agents or anyone else acting on *our* behalf, please contact *us* directly and *we* will do *our* utmost to resolve the problem. *Our* contact details are shown on page 6.

If further information, assessment or investigation is required, *we* will agree reasonable alternative time frames with *you*. For life insurance, all complaints must be resolved within 45 days or up to a maximum of 90 days if *you* agree.

If *we* can't agree on alternative time frames or if *we* provide *you* with a response to the complaint and *you* tell *us* that *you* want it reviewed, *we* will treat *your* complaint as a dispute.

Our Internal Dispute Resolution Committee will consider and respond to any dispute within 15 business days provided *we* receive all necessary information and have completed any investigation required. If further information, assessment or investigation is required, *we* will agree reasonable time frames with *you*.

If *we* cannot agree on alternative time frames or if *you* are provided with our decision and are unhappy with it, *we* will provide *you* with information on how to access the independent External Dispute Resolution (EDR) scheme *we* belong to, and where required, the relevant time frame in which any dispute must be registered with the scheme.

The EDR schemes *we* belong to are free of charge and binding on *us* but will only review disputes that have been through the above internal dispute resolution process and are within the scheme terms.

If a dispute exists in relation to a claim after *we* have had the opportunity to resolve the matter internally, then *you* may contact:

Financial Industry Complaints Service Ltd ("FICS")
Level 13, 31 Queen Street, Melbourne, VIC 3000
PO Box 579 Collins Street West, Melbourne, VIC 8007

Tel 1300 780 808

This independent service will attempt to settle the matter by conciliation. It also has the power to arrange a formal hearing if the matter cannot be resolved.

You can obtain further information on FICS at www.fics.asn.au.

Your Cooling-off Period

If *you* are not completely satisfied with this insurance product, *you* may cancel *your policy* within 30 days from the *commencement date* and receive a full refund of *premium* for the *period of insurance*. To take advantage of this offer *we* must receive a request from *you* within 30 days of the *commencement date*. This offer does not apply if *you* have made or are entitled to make a claim within this period.

Making a Claim

Full details of what to do in the event of making a claim can be found on page 22 in the *policy* wording. *Our* contact details are on page 6.

It is important that *you* understand and follow *our* instructions on what to do in the event of making a claim. Failure to comply with these obligations can have serious consequences in the event of a claim being made, including *us* reducing the amount *we* pay by an amount to take account of the prejudice *we* suffer by *you* not following *our* instructions.

Commission

In arranging this insurance *your* financial institution is acting as an agent of CUNA Mutual Life Australia Limited not *you*. The commission paid to *your* financial institution is 20% of the *premium* excluding GST and Stamp Duty.

SECTION 2

THE POLICY WORDING

Our Agreement with You

If we accept *your application*, we agree to provide you with the *cover* as set out in the *policy schedule* and this *PDS*, during the *period of insurance*. In return you agree to pay us *your premium* which takes into account any relevant government charges.

Words that have Special Meanings

Some of the words that appear throughout the *PDS* have special meanings, which are outlined below. Whenever these words appear they will be highlighted in italics.

Application means any verbal and/or written information provided by *you* as a proposal or application for this insurance including any personal statements, submitted by *you* or by another person on *your* behalf.

Commencement date means the latest of the date the loan funds are advanced to *you* or the inception date of the *period of insurance* stated on the first *schedule* you received from *us* in connection with the issue of this *policy*.

Cover means the protection provided by this *policy*.

Illness means any illness, sickness or disease.

Injury means bodily injury caused solely by violent, accidental, external and visible means.

Instalment premium(s) is that proportion of the *premium* you are required to pay to *us* each month in order to keep the *policy* in force and shown on the *schedule*.

Loan contract means the mortgage between *you* and *your* financial institution.

Medical practitioner means a legally qualified and independent medical practitioner, physician or surgeon (other than *you* or a member of *your* family or *your* business partner) that is registered and practising medicine in Australia.

Outstanding balance means the amount outstanding under *your loan contract* and for which *you* are indebted to *your* financial institution at the relevant date excluding any loan payments which are two months or more in arrears.

Period of cover means the period that starts from the *commencement date* of the first MemberCare Mortgage Insure – Life Protection *policy* issued to *you* by *us* in connection with the *loan contract* and continues for as long as *you*, without any gap, continuously renew that *policy* with *us* until *your* most current renewed *policy* with *us* ends (other than because *you* did not renew).

Period of insurance means the period shown on the *schedule*, unless ending earlier in accordance with Section 2C General Conditions When *your* insurance ceases.

Permanent resident of Australia means a person not living outside Australia for more than 12 months at a time unless *you* are a member of the Australian Defence Force posted overseas.

Policy means the contract of insurance and includes the *application*, this *PDS* and the *schedule*.

Pre-existing condition means any *injury* or *illness* (whether diagnosed or treated by a *medical practitioner* or not) of which *you* were aware, or a reasonable person in *your* circumstances could be expected to have been aware, existed at the time *you* applied for this insurance.

Premium means the amount stated in the *schedule* we require *you* to pay *us*, during the *period of insurance*, for the *covers* *you* have selected.

Product Disclosure Statement (PDS) means this document which incorporates *your policy* wording, and is designed to help *you* understand the *policy* and to decide whether to purchase this insurance product.

Replacement Policy means this *policy* if it replaces a Mortgage Insure Life Protection *policy* that has been cancelled within 90 days of the *commencement date* of this *policy*.

Schedule means *your* most recent schedule and includes any endorsement, memorandum or letter concerning the *cover* attached to or intended to be attached to the schedule. We give *you* a schedule when *you* buy a *policy* from *us* or *you* renew any *policy* with *us*.

We, our, us means CUNA Mutual Life Australia Limited
ABN 83 089 981 073 AFSL 245492.

You, your means the insured(s) named in *your policy* schedule.

Section 2A – Death Cover

This *cover* applies if it is shown on *your schedule* and *you* have paid the relevant *premium*.

What we will pay for

If *you* die during the *period of insurance*, we will pay *your* financial institution the current insured *loan contract* amount stated in the *schedule* (to a maximum of \$500,000).

If *you* die (other than by suicide), during the period of time between the date *your* loan is approved and when the funds are advanced) we will pay the death *cover* provided that:

- an *application* to us for death *cover* has been completed by *you*, and
- *your application* is acceptable to us, and *your* death occurs within 120 days after *your* financial institution approves *your* loan.

If the *loan contract* is in joint names, only one death claim will be paid irrespective of whether the other party to the *loan contract* has a separate MemberCare Mortgage Insure Life Protection *policy* covering the loan.

Continuity of Cover

If this is a *replacement policy* or *you* increase the amount of *cover* under this *policy*, we will accept a claim resulting from an *injury* or *illness* first manifested under the replaced *policy* or before the date of increase, but only up to the limits provided prior to the *commencement date* of this *policy* or the date of any increase.

What we won't pay for

We will not pay for any claim if *your* death is:

1. a result of suicide within 13 months of the commencement of the *period of cover*
2. caused or contributed to by any *pre-existing condition* unless the *schedule* shows we have accepted *cover* for the *pre-existing condition*, or
3. caused or contributed to by alcohol, drugs or narcotics (except where administered by or taken in accordance with the advice of a *medical practitioner*).

If at the date of *your* death, *your* financial institution has any form of insurance for the repayment of the *loan contract*, or provided any form of debt waiver as a benefit of the *loan contract*, the *outstanding balance* is to be reduced by the benefit provided or by any payment received by *your* financial institution from the insurance.

Section 2B – Suspended Cover

The Suspended Cover is an extra benefit of this *policy*.

Conditions of Suspended Cover

If at the time *your loan contract* is repaid or is discharged, *you* are actively engaged in seeking property on which *you* intended to arrange a replacement *loan contract*, we will consider *your cover* as being suspended only, until the earliest of:

1. the date *you* advise *us* the *cover* is no longer required, or
2. the date we refuse to *cover your* replacement *loan contract*, or
3. the *commencement date* of the *replacement policy*, or
4. 90 days from the date of repayment or discharge of the *loan contract*.

In the event *you* replace a *cover* suspended in accordance with this extra benefit, we will provide *you* with *cover* for death as a result of *pre-existing conditions* which were first manifested during the *period of cover* of the *policy* which was suspended.

Section 2C – General Conditions

When *your* insurance ceases

If *you* want to cancel the *policy*

You can cancel this *policy* at any time by giving *us* notice. *We* will refund *you* the unexpired portion of the instalment *premium* paid covering the month of cancellation less any administration cost.

No refund of *premium* will be paid once any claim has paid out the *outstanding balance*.

If *we* want to cancel the *policy*

We may cancel this *policy* at any time, for any reason allowed under the law.

Automatic cessation of cover

Your cover will automatically cease to be in force as soon as any one of the following occurs:

1. the first renewal after *your* 65th birthday
2. *you* die
3. *you* cease to be a *permanent resident of Australia*
4. the *period of insurance* and *period of cover* both expire
5. the *policy* is cancelled by *you* or *us*
6. *your loan contract* is repaid, is discharged or terminated for any other reason.

Variation in terms and conditions

We may vary the terms and conditions of the *policy*, including *premiums*, on renewal.

Paying by instalments

Payment under this *policy* is by instalments:

1. If an instalment *premium* remains unpaid for a period of 14 days or longer, any claim arising from an event occurring after the due date of the instalment *premium* may be refused to the extent permitted by law.
2. If an instalment *premium* remains unpaid for a period of one month or longer, *we* will automatically cancel this *policy* without written notice to *you*.

Section 2D – What To Do In The Event Of A Claim

Your estate's legal representative must advise *us* in writing as soon as possible after the claim event and complete a Claim Form supplied by *us*.

In addition, *your* estate's legal representative must provide proof of *your* identity, cause of death and existence of the *loan contract* in a form satisfactory to *us*.

End of Policy Wording

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 **CUNA MUTUAL GROUP**

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