



PACIFIC & ORIENT INSURANCE CO. BERHAD

Registration No. 197201000959 (12557-W)

A Member Of The Pacific & Orient Group

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SST REG NO.: W10-1808-31021805

CREDIT SHORTFALL COVER – PRIVATE CAR

EXPLANATORY NOTES

How to read this document

Please note that **Your** Credit Shortfall Cover - Private Car Policy only starts from page 3 onwards. To help **You** read and understand **Your** policy better **We** provide some explanatory notes together with comments and examples (written in italic). These are not meant to be part of **Your** policy and should not be used to interpret **Your** insurance contract in the event of any dispute.

Please refer to the definition on page 10 for the meaning of insurance related terms.

What makes up Your insurance contract?

Your insurance contract with **Us** is made up of the following:

- insurance policy in pages 3 to 8 (excluding the italic texts);
- the information **You** provided **Us** when **You** applied for this insurance;
- the Schedule; and
- the Policy Wording.

All these must be read together as they form **Your** insurance contract.

When is Your cover effective?

*This insurance is effective from the time of purchase of cover or at the agreed time of commencement, until the expiry date. The period of insurance will be printed in the Policy Schedule and related documents. If there is any change to these dates, it will be officially shown in an Endorsement issued by **Us**.*

DUTY OF DISCLOSURE

1. Consumer Insurance Contract

Where **You** have applied for this insurance wholly for purposes unrelated to **Your** trade, business or profession, **You** have a duty to take reasonable care not to make a misrepresentation in answering the questions in the Proposal Form (or when **You** applied for this insurance) i.e. **You** should have answered the questions fully and accurately. Failure to have taken reasonable care in answering the questions may result in avoidance of **Your** contract of insurance, refusal or reduction of **Your** claim(s), change of terms or termination of **Your** contract of insurance in accordance with Schedule 9 of the Financial Services Act 2013. **You** were also required to disclose any other matter that **You** knew to be relevant to **Our** decision in accepting the risks and determining the rates and terms to be applied.

You also have a duty to tell **Us** immediately if at any time after **Your** contract of insurance has been entered into, varied or renewed with **Us**, any of the information given in the Proposal Form (or when **You** applied for this insurance) is inaccurate or has changed.



2. Non-Consumer Insurance Contract

Where **You** have applied for this insurance for purposes related to **Your** trade, business or profession, **You** have a duty to disclose any matter that **You** know to be relevant to **Our** decision in accepting the risks and determining the rates and terms to be applied, and any matter a reasonable person in the circumstances could be expected to know to be relevant, otherwise it may result in avoidance of **Your** contract of insurance, refusal or reduction of **Your** claim(s), change of term(s) or termination of **Your** contract of insurance.

You also have a duty to tell **Us** immediately if at any time after **Your** contract of insurance has been entered into, varied or renewed with **Us**, any of the information given in the Proposal Form (or when **You** applied for this insurance) is inaccurate or has changed.

If **You** misrepresented any facts to **Us** before the policy is entered into, examples of the actions that may be taken by **Us** against **You** include the following:

- declare **Your** policy void from inception (which means treating it as invalid), and **We** may not return any premium;
- cancel this policy and return any premium less **Our** cancellation charge or recover any unpaid premium;
- recover any shortfall in premium;
- not pay any claim that has been or will be made under the policy; or
- be entitled to recover from **You** the total amount of any claim already paid under the policy or any claim **We** have to pay because of any relevant road traffic legislation, plus any recovery cost.

OUR AGREEMENT WITH YOU

In consideration of the payment of the premium by **You**, **We** shall, subject to the terms, conditions, limitations, exclusions and any endorsement(s) of this Policy, provide the insurance detailed in this Policy. The Proposal submitted to **Us** shall form the basis of this Policy. It is **Your** duty to disclose all material facts. Failure to disclose this information may entitle **Us** to avoid this Policy.

This Policy witnesses that in consideration of payment of the agreed premium and on the basis of the information declared in the Policy Schedule, **We** have been authorised to pay the amount owing to **Your** financier following a Total Loss settlement by **Your** underlying motor policy with **Us**, subject to the terms and conditions contained in this Policy.

The Policy shall become operative on the Policy Inception Date as declared in the Policy Schedule and will continue in force until termination or cancellation in accordance with the terms and conditions contained in this Policy.

This Policy reflects the terms and conditions of the contract of insurance as agreed between **You** and **Us**.

CREDIT SHORTFALL COVER

This section outlines what **We** will cover under **Your** credit shortfall policy.

We cover the difference between the Sum Insured or market value (whichever is greater) of **Your** private car insured with **Us** and the outstanding settlement value in terms of a credit agreement that **You** entered into.

We will pay this difference only if **We** accept a claim for **Your** private car which was either:

- in **Our** opinion beyond economic repair following loss or damage; or
- stolen and not recovered.

No claim will be paid if the Sum Insured or market value (whichever is greater) of the underlying motor policy exceeds the outstanding settlement value in terms of the credit agreement.

The credit agreement that **You** entered into must fall under the definition of credit agreement given in the Hire-Purchase Act 1967.

Our compensation is limited to any amount still outstanding on **Your** credit agreement less any arrear instalments or rentals, including interest payable on the arrears.

DEPOSIT COVER

In the event of a claim as defined under credit shortfall above, **We** will compensate **You** for the deposit paid on the insured private car. **Our** compensation is limited to 10% of the insured private car sum insured at policy inception, with a maximum of RM10,000.

For terms and conditions see [section 2](#). Coverage provided by this policy below.

EXCLUSIONS

All the exclusions of the underlying policy apply to this policy. If **We** state that a claim is not covered because of any of these exclusions, **You** must prove the contrary to this policy.

TERMS AND CONDITIONS

*This section outlines the terms and conditions that **You** must observe to ensure this insurance remains effective. Basically these conditions are of three types:*

- What **You must** do
- What **You must not** do
- What **We can** do

Conditions Precedent to Policy Liability

The following conditions are conditions precedent to **Our** liability to indemnify **You** under this Policy and have to be observed by **You** strictly. **We** can repudiate this Policy and / or will not pay claims under the Policy if **You** breach any of the relevant conditions. These conditions also apply to **Your** Authorised Driver and any legal representative who seek indemnity under this Policy.

Cover under this policy is provided subject to the following Terms and Conditions:

1. Basis of this policy

This policy, the Schedule, **Our** correspondence to **You**, **Your** application for insurance and any statement, written or spoken, made by **You**, or on **Your** behalf, forms the contract between **Us** and **You**.

2. Cover provided by this policy

We cover the difference between the Sum Insured or market value (whichever is greater) of **Your** private car insured with **Us** and the outstanding settlement value in terms of a credit agreement that **You** entered into.

We will pay this difference only if **We** accept a claim for **Your** private car which was either:

- in **Our** opinion beyond economic repair following loss or damage; or
- stolen and not recovered.

No claim will be paid if the Sum Insured or market value (whichever is greater) of the underlying motor policy exceeds the outstanding settlement value in terms of the credit agreement.

Cover under this policy is subject to a valid underlying motor policy being in force with **Us** at the time of the event. **You** must comply with all of the conditions of the underlying motor policy.

All terms and conditions under the underlying motor policy will apply to this credit shortfall policy.

3. Class of use

Private

If the use of **Your** vehicle is shown in the Schedule as "Private", it may be used for social and domestic purposes and for purposes of pleasure. **Your** vehicle may also be used for **Your** profession and journeys between **Your** place of residence and permanent place of business. It may also be used for the purpose of business, trade or occupation, but only in exceptional circumstances. If **You** use **Your** vehicle for business, trade or occupation regularly, for example, **You** use it for business once or twice every week, it will not be covered under the Private class of use.

4. Interest of a Hire Purchase Company

If a valid claim occurs and **Your** vehicle is the subject of a credit agreement as defined in the Hire- Purchase Act 1967, **We** will pay the Hire Purchase Company the outstanding amount of **Your** loan.

The underlying policy will pay the difference to **You** where the outstanding amount is less than the sum insured for **Your** vehicle as shown in the underlying policy Schedule.

This credit shortfall policy will not make payment where the outstanding amount is less than the sum insured in the underlying policy Schedule.

5. Period of this policy

The period of this policy is the period from the start date of this policy, as shown on the Schedule, to the expiry date shown in the Schedule. After the period of this policy, all cover under this policy will expire.

6. Payment of premium

You must pay **Your** premium by or before the inception date of this policy.

7. Duty of care

You must take all reasonable precautions and all reasonable care to prevent or minimise loss or damage.

8. Cancellation

- 8.1 If **You** are not satisfied with the cover provided in this Policy, please advise **Us** of **Your** cancellation request in writing within seven (7) days of the Policy Inception Date. **We** will then refund the premium, provided no claim has been paid.
- 8.2 **You** can cancel this Policy at any time. The refund will be paid upon request provided no claim was made on this policy. The table below outlines the refund schedule:

Period of insurance	Refund of Premium
Not exceeding 1 week	87.5% of the total premium
Not exceeding 1 month	75.0% of the total premium
Not exceeding 2 months	62.5% of the total premium
Not exceeding 3 months	50.0% of the total premium
Not exceeding 4 months	37.5% of the total premium
Not exceeding 6 months	25.0% of the total premium
Not exceeding 8 months	12.5% of the total premium
Exceeding 8 months	No refund of premium allowed

- 8.3 **We** may cancel this policy by giving **You** 14 days' written notice of the cancellation by registered post to **Your** postal address as shown in the Schedule. **You** will then be entitled to a refund of premium for the unexpired period calculated on a pro-rata basis from the date **We** receive the Policy Schedule from **You** to the expiry date of the policy. There will not be a refund of premium if a claim was made on this policy.

9. Termination

- 9.1 The insurance provided hereunder will automatically terminate on the occurrence of one of the following:-
- The natural expiry date of the policy;
 - Payment of a claim under the policy;
- 9.2 The Policy will automatically lapse once **You** sell or dispose of **Your** vehicle because **Your** insurable interest in the vehicle will cease.
- 9.3 The date **Your** Policy is cancelled.

10. Your rights

- 10.1 **You** may not cede or assign **Your** rights or obligations to another person. No other person may make a claim against **Us**.
- 10.2 **You** may not transfer the cover under this policy from one vehicle to another.

11. Claim Conditions

11.1 Claim settlement basis

We will compensate **You** by paying cash.

Before **We** finalise or settle any claim, **We** may require **You** to sign a discharge voucher.

11.2 Claim procedure

If **Your** Car is involved in any Incident that could lead to a claim under this Policy, **You** must do the following:

- a) Notify **Our** claims department of the Incident and get a Claim Form. **You** must notify **Us** of the Incident as soon as possible but in any event:
 - Within seven (7) days if **You** are not physically disabled or hospitalised following the Incident; or
 - Within thirty (30) days or as soon as practicable if **You** are physically disabled and hospitalized as a result of the Incident.

We may allow a longer notification period if **You** can provide specific proof and justification for the delay.

- b) Report the Incident to the police as required by law and do all that is required to assist the police authorities to secure a conviction against the offender.
- c) Complete the Claim Form in full and return it to **Us** within twenty-one (21) days from the date of **Your** notification as per (a) above. **You** are required to answer all the questions in detail in all applicable sections and provide **Us** with all the necessary documents to support **Your** claim. **We** will not be held responsible if there is any delay on **Your** part to submit the Claim Form duly completed together with all the necessary documents.

A longer claims submission period may be allowed by **Us** subject to specific proof and justification by **You** for the delay.

11.3 **Our** rights after an event which may lead to a claim

- a) **You** must supply all information and assistance that **We** reasonably require and **We** may take over the defence or settlement of a claim and conduct it in **Your** name.

11.4 Fraudulent or wilful acts

You will lose all rights to claim under this policy if:

- a) a claim is fraudulent or if **You** or anyone acting on **Your** behalf uses any fraudulent means to obtain any benefit under this policy; or
- b) a claim occurs due to a deliberate, or wilful, or intentional act committed by **You** or with **Your** involvement or anyone acting on **Your** behalf; or
- c) information or documents in support of a claim, whether created by **You** or on **Your** behalf, is not true, is not complete or is fraudulent.

11.5 Dispute Resolution

If there are differences or disputes on any matters relating to this Policy involving amounts exceeding RM250,000, an Arbitrator shall be jointly appointed by **You** and **Us** in writing to resolve the differences or disputes. If no agreement is reached on who is to be the Arbitrator within one month of being required to do so then **You** and **We** shall be entitled to appoint an Arbitrator each. Both Arbitrators shall then proceed to hear the difference or dispute together with an Umpire to be jointly appointed by them. If the Arbitrators cannot agree on an Umpire within thirty (30) days, then the Kuala Lumpur Regional Centre for Arbitration shall appoint an Umpire.

If the disputed sum is less than RM250,000, **You** may refer the matter to the Ombudsman for Financial Services to resolve the dispute.

11.6 Premium refund

- a) If **We** settle a claim under this policy during the period of insured, **We** will not refund any premium on this Credit Shortfall Policy for the remainder of the period of **Your** insurance.

11.7 Notice of a claim

- a) Notice of a Claim or circumstances shall be made in writing and delivered by post, email or fax to Pacific & Orient Insurance Co. Bhd, Wisma Bumi Raya, No. 10, Jalan Raja Laut, 50350 Kuala Lumpur. Tel No. 03-2698 5033 and Fax No. 03-2693 8145.
- b) Notice shall include full details of all material facts of which **You** are aware, including:
 - (i) the date, time and place of the Claim or circumstances;
 - (ii) a detailed description of what happened;
 - (iii) the name and address of the injured party;
 - (iv) the names and addresses of all witnesses; and
 - (v) copies of any demand, notice or legal paper received in connection with the Claim or circumstances.

12. Other insurance

If a claim is payable under this policy and under any other policy, **We** will only pay **Our** proportional share of the claim.

13. Information that affects the risk

We may declare this policy invalid if **You**:

- a) have not given **Us** all the details that affect the risk; or
- b) have misrepresented or misdescribed any details that affect the risk.

You must advise **Us** immediately of any change in the risk. Should there have been any material change in the risk, then **We** may amend the cover and premium from the date of the change. If **You** do not inform **Us** of any material change in the risk, **We** will be entitled to avoid the policy or reject any claim that occurred after the change in the risk. In this instance the term "**You**" includes any person acting on **Your** behalf.

14. Jurisdiction

This policy is subject to the jurisdiction of the courts of Malaysia. Malaysian law will apply.

15. A person who deals on Your behalf

You give up **Your** right to receive compensation if a person who deals on **Your** behalf does not comply with the terms and conditions of this policy for the event or claim.

16. Amendments to conform to law

You and **We** agree that any terms or conditions of this policy that are against any law will be amended to conform to such law.

17. Reference to singular and plural

In this policy, references to the singular include the plural and references to the plural include the singular.

18. Prevalent policy wording

For avoidance of doubt, the English version of this Policy wording will prevail over the Bahasa Malaysia version at all times.

DEFINITIONS

We have defined words with specific meanings. The words below mean the following:

Car	means a private type of motor vehicle designed to seat ten persons or fewer (including the driver), and not exceeding 3500kg in gross vehicle mass.
Claim / claims	means any request for compensation (indemnity), whether or not any amounts have been established for the claim.
Licence	means a legally valid driver's licence according to the licence type shown in the Schedule. A person who is learning to drive must have a legally valid learner's licence.
Named driver(s)	means the person(s) shown in the Schedule as the only person(s) allowed to drive Your vehicle.
Ombudsman for Financial Services	is an independent body that provides a free and efficient avenue to help settle financial disputes between You and Us under this Policy as an alternative to the courts. Their contact details are as follows: Level 14, Main Block Menara Takaful Malaysia No. 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel: +603-2272 2811 Fax: +603-2272 1577
Period of insurance	means a period from the inception date to the expiry date of this policy
Policy	includes the Schedule and Policy wording listed in the Schedule
Postal address	is the address shown in the Schedule.
Regular driver	means the person shown in the Schedule who drives Your vehicle most frequently.
Schedule	is a document which shows Your name and address, the Period of Insurance, the sections of this Policy which apply, the premium You have paid, the Car which is insured.
Sum Insured	is the maximum that Your underline policy will pay You in the event of claim.
Underlying policy	means a valid private car policy in force with Us .
Us / Our / We	means Pacific & Orient Insurance Co. Berhad.
You / Your	means the policyholder name(s) shown in the Schedule.
Your vehicle	means the private car described in the Schedule. This includes the standard tools, accessories and spare parts in or on it, as well as other extra accessories and parts of the private car while fitted to it.