



NEW FOR OLD VEHICLE COVER

INCEPTION VALUE POLICY (IVP)

Insurer: Renasa Insurance Company Limited

FSP No. 15491

This brochure is an informative document and is always superseded by the specific Policy Wording

PREMIUM & UNDERWRITING

The premium for this product is determined by a number of factors:

- 1) Sum insured
- 2) Type of vehicle
- 3) Additional optional extensions will carry an additional premium

INTRODUCTION

New for Old for all vehicles including Credit Shortfall

We all know that vehicles depreciate in value over time and that in the event of a **Total Loss** (accident, theft or hijack) it can be difficult to afford a suitable replacement vehicle.

Comprehensive insurance policies generally pay out the current **retail value** of your car, as at the time of a total loss. This implies that as your car ages, it **depreciates in value** and you will get less and less money over time.

This unique product will enable your clients to claim the value of their vehicle (at inception of the policy) as opposed to the current retail value of the vehicle at the time of a total loss.

Note: this policy is in addition to the client's comprehensive insurance policy.

Note: in terms of this cover, the retail value is determined on the date of inception of the IVP policy.

IVP therefore provides cover against vehicle depreciation

- ✓ **for** all vehicles, of any age
- ✓ **used for** domestic, commercial and taxi purposes
- ✓ **whether** financed or not
- ✓ **with** credit shortfall included free of charge (for financed)
- ✓ **creating** increasing embedded benefits for clients over time
- ✓ **thus** encouraging client retention



POLICY REQUIREMENTS & CALCULATING OF PREMIUMS

Comprehensive Insurance Policy

- ✓ A valid Comprehensive Insurance Policy must be in place

Inception Value Policy does not pay you:

- if your underlying comprehensive insurance is repudiated or rejected;
- if your underlying comprehensive policy is voided or cancelled;
- for any amounts payable by you in respect of the underlying comprehensive insurance and this insurance policy (including, but not limited to outstanding premiums and the excess amounts applicable).

To insure a vehicle

- ✓ A valid MM (Mead & McGrouther) Code
- ✓ A valid Retail Value

To claim

- ✓ An Agreement of Loss (AOL) from Comprehensive Insurance
- ✓ Deregistration Documents (from the Insured to the Insurer)
- ✓ Outstanding Finance Balance (for Financed Vehicles)

How are premiums calculated

- ✓ Curve off Depreciation
- ✓ Propensity to write-off
- ✓ Propensity for theft / hijack
- ✓ Value of the vehicle



SETTLEMENT EXAMPLES

CLAIM EXAMPLE 1

Client buys vehicle **Cash** and takes out Inception Value Policy (IVP)

Retail Value @ Date of Inception of IVP policy	R 400 000
Retail Value @ Date of Loss	R 150 000
Bank Finance Outstanding Balance @ Date of Loss	N/A
Comprehensive Policy pays the Policyholder	R 150 000
IVP pays the Policyholder	R 250 000

CLAIM EXAMPLE 2

Client buys vehicle **Financed through Bank** and takes out Inception Value Policy (IVP)

Retail Value @ Date of Inception of IVP policy	R 400 000
Retail Value @ Date of Loss	R 150 000
Bank Finance Outstanding Balance @ Date of Loss	R 200 000
Comprehensive Policy pays the Bank	R 150 000
IVP pays the Bank	R 50 000
IVP pays the Policyholder	R 200 000

CLAIM EXAMPLE 3

Client buys vehicle **Financed through Bank** and takes out Inception Value Policy (IVP), but also has Credit Shortfall cover (i.e. dual insurance)

Retail Value @ Date of Inception of IVP policy	R 400 000
Retail Value @ Date of Loss	R 150 000
Bank Finance Outstanding Balance @ Date of Loss	R 200 000
Comprehensive Policy pays the Bank	R 150 000
Credit Shortfall pays the Bank	R 25 000
IVP pays the Bank	R 25 000
IVP pays the Policyholder	R 200 000