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SELLING DEALER GUIDE

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## **Contact Us**

### **LGM Financial Service Inc.**

2010 Winston Park Drive, Suite 304 Oakville, ON L6H 5R7

Dealer/Retailer Inquiries: **1-800-510-8372**

Consumer and Dealer/Retailer Website: [www.lgm.ca](http://www.lgm.ca)

Each Selling Dealer/Retailer will have a unique login to gain access to Dealer/Retailer only material.

#### **Claims:**

Phone: 1-866-287-6200

Email: [claims@lgm.ca](mailto:claims@lgm.ca)

Hours: <https://www.lgm.ca/contact/>

#### **Sales and Customer Service:**

Phone: 1-800-510-8372

Email: [service@lgm.ca](mailto:service@lgm.ca)

Hours: <https://www.lgm.ca/contact/>

#### **Settlement Department**

Email: [settlement@lgm.ca](mailto:settlement@lgm.ca)

#### **Accounts Receivable:**

Email: [ar@lgm.ca](mailto:ar@lgm.ca)

## **Levels of Coverage**

### **SecureDrive MBP Basic**

SecureDrive MBP Basic is a powertrain product that offers comprehensive protection for most powertrain components. Basic offers maximum per claim reimbursement up to the actual cash value of the vehicle (as determined by the current Canadian BlackBook™ edition) unless a Limit Per Repair option is chosen. The total of all claims shall not exceed the retail price paid for the vehicle (excluding tax, title and license fees, and contract/policy cost).

SecureDrive Basic is an inclusionary contract/policy, which means that only those components specifically listed are covered. If a breakdown occurs due to a component that is not specifically listed, it is not covered under the Basic plan.

SecureDrive Basic provides coverage for the following powertrain components:

#### **Engine:**

Cylinder Block, Cylinder Head(s) and all internally lubricated components contained within the engine; Water Pump; Oil Pump and Oil Pump Housing; Harmonic Balancer; Timing Chain Cover; Intake and Exhaust Manifolds; Valve Covers; Engine Mounts; Fuel Injection Pump and Injectors (Diesel Engine only); Seals and Gaskets.

#### **Turbocharger/Supercharger (Factory installed only):**

Turbocharger/Supercharger Housing and all internal components; Seals and Gaskets.

#### **Transmission (Automatic or Standard):**

Transmission Case and all internal components; Torque Converter; Flywheel/Flex Plate; Vacuum Modulator; Electronic Shift Control Unit; Transmission Cooler and Lines; Transmission Mounts; Oil Pan; Seals and Gaskets.

#### **Transfer Case:**

Transfer Case and all internal components; Seals and Gaskets.

#### **Drive Axle (Front and Rear):**

Drive Axle Cases; all internal components contained within the Drive Axle; Locking Hubs; Drive Shafts and Yokes; Universal Joints; Centre Support Bearing; Constant Velocity Joints; Wheel Bearings/Hub Assemblies; Axle Bearings; Four-Wheel Drive Actuator; Differential Cover; Seals and Gaskets.

#### **Electric/Hybrid Vehicle Coverage**

EV/Hybrid Battery; Home Charging Unit; Electric Motor; High Voltage Cables; Power Converter/Inverter; Battery Charger; Generators. **Benefit limit:** Repairs to or replacement of one (1) EVB during the term of the Agreement plus repairs to or replacement of one (1) Home Charging Unit during the term of the Agreement to a maximum of \$800. For clarity, repairs to or replacement of one (1) EVB may not exceed the "Limit Per Repair".

### **SecureDrive MBP Essential**

SecureDrive MBP Essential provides coverage on both powertrain and non-powertrain components. Essential offers maximum per claim reimbursement up to the actual cash value of the vehicle (as determined by the current Canadian BlackBook™ edition). The total of all claims shall not exceed the retail price paid for the vehicle (excluding tax, title and license fees, and contract/policy cost).

SecureDrive Essential is an inclusionary contract/policy which means that only those components specifically listed are covered. If a breakdown occurs due to a component that is not specifically listed, it is not covered under the Essential plan.

SecureDrive MBP Essential provides coverage for the following components:

#### **Engine:**

Cylinder Block, Cylinder Head(s) and all internally lubricated components contained within the engine; Water Pump; Oil Pump and Oil Pump Housing; Harmonic Balancer; Timing Chain Cover; Intake and Exhaust Manifolds; Valve Covers;

Engine Mounts; Fuel Injection Pump and Injectors (Diesel Engine only); Seals and Gaskets.

**Turbocharger/Supercharger (Factory installed only):**

Turbocharger/Supercharger Housing and all internal components; Seals and Gaskets.

**Transmission (Automatic or Standard):**

Transmission Case and all internal components: Torque Converter; Flywheel/Flex Plate; Vacuum Modulator; Electronic Shift Control Unit; Transmission Cooler and Lines; Transmission Mounts; Oil Pan; Seals and Gaskets.

**Transfer Case:**

Transfer Case and all internal components; Seals and Gaskets.

**Drive Axle (Front and Rear):**

Drive Axle Cases; all internal components contained within the Drive Axle; Locking Hubs; Drive Shafts and Yokes; Universal Joints; Centre Support Bearing; Constant Velocity Joints; Wheel Bearings/Hub Assemblies; Axle Bearings; Four-Wheel Drive Actuator; Differential Cover; Seals and Gaskets.

**Steering:**

All internal components contained within the Steering Box or Rack and Pinion Gear; Power Steering Pump; Power Steering Hoses; Steering Knuckles; Pitman Arm; Idler Arm; Tie Rod Ends and Drag Link; Upper and Lower Steering Column Shafts and Couplings, including Internal Tilt-Wheel Mechanism; Power Cylinder and Pump; Electronic Control Unit/Solenoid; Phase Control Unit; Stepper Motor; Control Valve; Seals and Gaskets.

**Brakes:**

Master Cylinder; Power Brake Cylinder; Vacuum Assist Booster; Hydro Boost; Disc Brake Caliper; Wheel Cylinders; Compensating Valve; Brake Hydraulic Lines and Fittings; Hydraulic Control Unit; Parking Brake Assembly and Linkages; Electronic Control Processor; Wheel Speed Sensors; Hydraulic Pump/Motor Assembly; Pressure Modulator Valve/Isolation Dump Valve; Accumulator; Seals and Gaskets.

**Electrical:**

Alternator; Voltage Regulator; Starter Motor; Starter Solenoid and Starter Drive; Engine Compartment Wiring Harness(es); Electronic Ignition Module; Crank Angle Sensor; Knock Sensor; Ignition Switch; Ignition Switch Lock Cylinder; Front and Rear Window Wiper Motors; Washer Pump and Switch; Stop Lamp Switch; Headlamp Switch; Turn Signal Switch; Multifunction Switch; Heater/A.C. Blower Speed Switch; Manual Heater/A.C. Control Assembly; Horns.

**Air-Conditioner:**

Condenser; Compressor; Clutch and Pulley; Air Conditioning Lines and Hoses; Evaporator; Idler Pulley and Idler Pulley Bearing; High/Low Compressor Cut-Off Switch; Expansion Valve; Pressure Cycling Switch; Seals and Gaskets. The following components are also covered if they are required in connection with the repair of a covered part listed above: Accumulator/Receiver Dryer; Orifice Tube; Oil and Refrigerant.

**Fuel Delivery:**

Fuel Pump; Fuel Distributor and Injectors; Sensors (except Oxygen Sensor); Vacuum Pump; Fuel Tank Sending Unit; IAC Motor; Vacuum Restrictor; Fuel Delivery Lines; Seals and Gaskets.

**Front and Rear Suspension:**

Upper and Lower Control Arms; Control Arm Shafts and Bearings or Bushings; Upper and Lower Ball Joints; Radius Arm and Bushings; Torsion Bars and Mounts or Bushings; Stabilizer Bar, Links and Bushings; Spindle and Spindle Support; Variable Dampening Suspension.

**Cooling:**

Engine Cooling Fan, Motor and Relay; Fan Clutch; Belt Tensioner; Radiator; Heater Core; Thermostat; Blower Motor; Hot Water Valve.

**Enhanced Electrical:**

Automatic Climate Control Programmer; Electronic Instrument Cluster; Gauges, Mileage Computer; Distributor; Ignition Coil; Electronic Combination Entry System (Does not include Transmitters and Receivers for Remote Locks); Cruise Control Module, Transducer, Servo and Amplifier; Powertrain Control Module; Headlamp Motors; Power Window Motor; Power Seat Motor; Power Mirror Motor; Power Antenna Motor/Mast Assembly; Convertible Top Motor; Power Sunroof

Motor; Power Window Switches; Cruise Control Engagement Switch; Power Seat Switches; Power Mirror Motor Switches; Rear Defogger Switch; Power Door Lock Actuators and Switches; Global Positioning System (GPS); DVD Navigation System; CD Player, Radio (including factory installed Satellite Radio) and/or DVD/MP3 Player; Back up Monitoring System (parking assist); iPod™ Docks; OnStar™ System.

### **Electric/Hybrid Vehicle Coverage**

EV/Hybrid Battery; Home Charging Unit; Electric Motor; High Voltage Cables; Power Converter/Inverter; Battery Charger; Generators. **Benefit limit:** Repairs to or replacement of one (1) EVB during the term of the Agreement plus repairs to or replacement of one (1) Home Charging Unit during the term of the Agreement to a maximum of \$800. For clarity, repairs to or replacement of one (1) EVB may not exceed the "Limit Per Repair".

### **SecureDrive MBP Elite**

SecureDrive MBP Elite provides comprehensive mechanical breakdown protection by covering every component on a vehicle with exception of those items listed in the WHAT IS NOT COVERED section of the contract/policy. See EXCLUSIONS for a complete list of what is not included.

In addition to the above description of SecureDrive Elite coverage, certain excluded components of the Essential and Basic plan are covered by the Elite plan:

#### **Emissions:**

Oxygen Sensor; Vapour Canister; PCV Valve Hose; EGR Adapter Plate; Air Bypass Valve; A.I.R. Manifold; A.I.R. Check Valve; Diverter Valve; Canister Purge Solenoid.

#### **Supplemental Restraint Systems:**

All components of the Supplemental Restraint Systems are covered.

### **Additional Benefits**

The following Additional Benefits are included with every plan level and term in the HUB.

#### **24 Hour Roadside Assistance Benefits Call 1-866-287-6200 for assistance.**

If the contract/policy holder's vehicle is in need of non-accident-related roadside assistance, they must call the toll-free number listed above. Only requests for services dispatched through the above listed number will be honoured. The coverage provided will be up to one hundred and seventy-five dollars (\$175), per occurrence and applies for each Roadside Assistance Benefit. For the term of the contract/policy, the following 'Sign and Drive' benefits are available twenty-four hours a day, seven days a week anywhere in Canada & the United States of America excluding Hawaii. SecureDrive MBP 24 Hour Roadside Assistance benefits are only available upon the expiry of any manufacturer's roadside assistance benefits.

The coverage limits, listed below, are inclusive of taxes.

- **Towing** – In the event of a breakdown, coverage will be provided for receipted towing or road service expenses. Whenever possible, the tow will be directed to the Issuing Dealer.
- **Winching** – We will dispatch a service provider to assist in the event that the vehicle needs to be winched from any ditch, mud, sand or snow, provided that it has become disabled in an area immediately adjacent to a regularly traveled road.
- **Jump Start** – In the event that the vehicle will not start due to a non-accident related failure, coverage will be provided to Jump Start your vehicle.
- **Flat Tire Changes** – In the event that the vehicle requires a tire change due to a puncture, coverage will be provided for tire replacement services. **NOTE:** This service uses the customer's inflated spare tire.
- **Vehicle Fuel Delivery** – In the event that the vehicle runs out of gas, coverage will be provided for emergency gas service. **NOTE:** Cost of gas is not included. One claim per year permitted.
- **Lock Out Service** – In the event the vehicle ignition key has been locked inside the vehicle, coverage will be provided for locksmith services to recover keys. **NOTE:** Costs for replacement or cutting keys is not included. One claim per year permitted.

- **Concierge Service** – Family notification, reservation changes, ATM locations etc. Call Toll-Free line for information or assistance.

## **Rental Benefits**

In the event of a covered breakdown, a rental benefit is available for SecureDrive MBP coverage plans. The rental benefit is available from contract/policy purchase date.

### **To be eligible for Rental Benefits the following guidelines shall apply:**

- A valid receipt must be provided to the Administrator in order for the benefit to be paid or reimbursed.
- The rental unit must be provided by a licensed rental agency (including stand-alone rental agencies or dealer programs).
- Coverage is provided to a maximum of \$65 per day (including taxes) for each eight labour hours (or portion thereof) to a maximum of \$260 (32 labour hours) per breakdown. Labour hours are based upon nationally recognized labour manuals/software programs such as ALLDATA®, Mitchell OnDemand® or OEM labour guides.
- Additional rental coverage of up to \$195 (including taxes) may be available in the event that the breakdown involves the failure of an engine or transmission, and the repair facility can substantiate a parts delay.
- Additional rental coverage of up to \$130 (including taxes) may be approved in the event that the Administrator initiates an independent vehicle inspection in order to verify reported failures.
- A rental benefit may be available in the event of a powertrain repair which is covered under the Manufacturer's warranty.
- No rental benefit is available for repairs which are declined due to the terms and conditions of a SecureDrive MBP contract/policy.

## **Trip Interruption**

In the event of a breakdown covered by the contract/policy which occurs more than one hundred fifty (150) kilometres from the contract/policy holder's home and results in a repair facility keeping your vehicle overnight, we will pay or reimburse the contract/policy holder for receipted accommodation and meal expenses, up to one hundred fifty dollars (\$150), including tax, per day for a maximum of five (5) days. The total benefit per breakdown shall not exceed seven hundred fifty dollars (\$750), including tax.

## **Optional Upgrades**

### **Genuine Parts**

OEM Genuine Parts upgrade assures that only genuine OEM parts are used, unlike the regular SecureDrive MBP which in some cases can use like kind and quality parts. When the administrator authorizes a repair on your vehicle, any replacement parts will be manufacturer new or remanufactured unless such components have been discontinued by the Manufacturer or are not available as new or remanufactured in the region of Canada.

### **Tire Storage**

The Tire Storage upgrade (this option is enabled in the HUB profile if you want to participate) provides a solution when seasonal tire changes are needed.

If you are a participating dealer in the Tire Storage program, this upgrade will cover the cost of storing the customers tires in your storage facility up to two (2) times per calendar year. The customer is responsible for any cost associated with tire mounting and balancing.

**Benefit limit:** Up to two (2) tire storage events per year (up to a maximum benefit of \$150 per calendar year), during the term of this agreement. For example, if you store your tires during Winter and during Summer, each would be considered a separate tire storage event.



## Additional Benefits Bundle

### Claim-Free Reward

Claim-Free Reward enables LGM Selling Dealers to improve warranty penetration by offering the customer a choice of one of the 3 benefit options described below. The Claim-Free Reward benefit is not available for Basic Plans.

If the customer (or any person authorized by the customer to act on their behalf) has not filed any claims (or received any additional benefits, with the exception of Roadside Assistance Benefit) upon the expiration of their Contract Term (by time), the customer will be entitled to select one of the following refund options:

- a) a coupon issued by the Administrator for the amount the customer paid for their policy/contract (inclusive of taxes) toward any qualifying SecureDrive product which the customer must purchase from the Issuing Dealer as shown on the Registration Page. A coupon issued to the customer must be applied toward any SecureDrive MBP or other SecureDrive product purchases within six (6) months of the expiration of the customer's policy/contract by time. Any refund amount that is not applied towards a purchase within six (6) months from the expiration of the customer's policy/contract by time, shall be forfeited. The customer shall be responsible for any premium price in excess of the coupon value for the SecureDrive product the customer has selected to apply their coupon towards; or
- b) an Issuing Dealer store credit for the amount the customer paid for their policy/contract (inclusive of taxes) to a maximum of two thousand dollars (\$2,000.00). The customer must provide sufficient evidence (as deemed sufficient by the Administrator) of the customer's receipted purchases within six (6) months of the expiration of their policy/contract by time in order to receive a refund cheque for the amount paid by the customer for the Issuing Dealer store credit; or
- c) a refund cheque of the amount the customer paid for their policy/contract (inclusive of taxes) up to a maximum amount of one thousand dollars (\$1,000.00).

**To be eligible for the Claim-Free Reward, all the following criteria must be met:**

- a) The time element (**not kilometres**) of the term has completely expired on the customer's policy/ contract; and
- b) The customer provides evidence (as deemed sufficient by the Administrator) that they are the original Registrant (as shown on the Registration Page) and that their vehicle has not changed ownership during the policy/contract term. This benefit is not available if the customer has provided custody, management or temporary ownership to their Issuing Dealer, or any other person or entity whatsoever during the policy/contract term for any commercial purpose (example: rental); and
- c) The time between the policy/contract purchase date and the policy/contract expiry date, as shown on the Registration Page, must be a minimum of four (4) years; and
- d) The customer purchased a SecureDrive MBP plan without a per repair limit of liability; and
- e) The customer submits their request for rewards to us within six (6) months from the expiration date (by time) of their policy/contract to the Administrator. Requests received by the Administrator after six (6) months will not be accepted.

### Multi-Media Software Package

The multi-media software (infotainment) package optional upgrade can be added to any SecureDrive MBP plan. The package covers the cost of all manufacturer's recommended software upgrades for the vehicle's entertainment and navigation systems.

**Benefit limit:** Maximum aggregate limit of liability of \$500.

### Keyless Entry - Mobile

This benefit is available if the contract/policy holder's vehicle comes with a manufacturer phone-based app that enables keyless entry to their vehicle. Coverage in case the mobile phone fails due to accidental loss or damage, resulting from an unexpected and unintentional event that arises from normal handling. Keyless Entry -Mobile will reimburse applicable receipts for repairing damage to the mobile phone or replace the phone with an equivalent

product to provide you with continued access to the manufacturers app.

**Benefit limit:** Repairs or replacement of one (1) mobile phone, up to a maximum of \$1000, including applicable taxes, during the term of the contract/policy.

## **Contract Exclusions**

All SecureDrive MBP plans share a similar list of components or uses that are excluded on each contract/policy. Even though a component may be listed as a covered part in the coverage purchased, certain contract/policy exclusions may prevent us from approving a claim. Each of the exclusions below have a reference to where the specific exclusion can be located on the customers contract/policy.

### **WHAT IS NOT COVERED:**

- a) For repairs to the vehicle when the breakdown or condition existed prior to the commencement of the contract/policy. (see Schedule "E" of customer's contract/policy)
- b) For any part not specifically listed in the Schedule of Coverages, including but not limited to any of the following components: Shock Absorbers and Struts including Mounts & Bearing Plates, Standard Transmission Clutch Assembly, Friction Clutch Disc and Pressure Plate, Throw Out Bearing, Manual Linkages (including but not limited to door, trunk and seat handles, and manual transmission shifter rods), Safety Restraint Systems (unless listed in the Schedule of Coverages), Glass, Lenses, Sealed Beams, Light Bulbs, LEDs, Fuses, Cellular Phones, Electronic Transmitting Devices (unless listed in the Schedule of Coverages), Brake Rotors and Drums, Exhaust and Emission Systems (unless listed in the Schedule of Coverages), Batteries, Weather Strips, Trim Items, Moldings, Bright Metal, Chrome, Upholstery and Carpet, Paint, Outside Ornamentation, Bumpers, Body Sheet Metal and Panels, Frame and Structural Body Parts, Tires and Wheels and/or Rims, Software, Shop Supplies. (See Schedule "B" of customer's contract/policy)
- c) For all routine maintenance services and components described in Your Vehicle's Owner's Manual as supplied by the Manufacturer and other normal maintenance services and components which include, but are not limited to: Alignments, Wheel Balancing, Tune-Ups, Environmental Levy and Disposal Fees, Spark Plugs, Spark Plug Wires, Glow Plugs, Hoses (other than Steering and Air Conditioning), Belts (other than Timing Belts maintained in accordance with the Owner's Manual), Brake Pads, Brake Linings/Shoes, Brake Rotors/Drums, Wiper Blades, Filters, Lubricants, Coolants, Fluids and Refrigerants will be covered only if replacement is required in connection with a covered Breakdown. (See Schedule "B" of the customer's contract/policy)
- d) For any Breakdown caused by collision, fire, theft, vandalism, riot, explosion, lightning, earthquake, freezing, rust, corrosion, windstorm, hail, water, floods, salt, environmental damage, contamination of fluids, coolants or lubricants. See Schedule "F" of the customer's contract/policy)
- e) For any Breakdown caused by misuse, abuse, negligence, lack of normal maintenance (including winterization) required by the Manufacturer's maintenance schedule for Your Vehicle, or improper servicing by You after the Contract Purchase Date. For any Breakdown caused by the failure to maintain proper levels of lubricants and/or coolants, or failure to protect Your Vehicle from further damage when a Breakdown has occurred. See Schedule "F" of the customer's contract/policy)
- f) For any Breakdown if Your Vehicle has been used for racing or other forms of competitive driving, plowing snow, or for towing a trailer or another vehicle or object, unless Your Vehicle is equipped with a Manufacturer installed or Manufacturer authorized tow package. See Schedule "F" of the customer's contract/policy)
- g) For any repair or replacement of any covered part if a Breakdown has not occurred, or if the wear on that part has not exceeded the wear specification allowed by the Manufacturer. See Schedule "F" of the customer's contract/policy)
- h) The contract/policy holder is using, or has used, their vehicle in a manner not recommended by the Manufacturer, or if any alterations have been made to the vehicle, including but not limited to, any alterations involving frame, suspension (i.e. lift/lowering kits), tires and rims, trailer hitches, engine, emission system, or exhaust system. In addition, without limiting the foregoing, no coverage will be provided for the failure of any custom or add-on part which is not from the original equipment manufacturer. See Schedule "F" of the customer's contract/policy)
- i) If the odometer has ceased to operate and odometer repairs have not been made immediately, or the odometer has been altered in any way since You have had title to Your Vehicle. See Schedule "E" of the customer's contract/policy)

- j) For any liability for property damage, or for injury to or death of any person arising out of the operation, maintenance or use of Your Vehicle described in this Contract, whether or not related to the components covered. For loss of use, time, profit, inconvenience, or any other consequential loss (except as may otherwise be provided under the Schedule of Coverages) that results from a Breakdown, or any subsequent damage of a non-covered part that results from a Breakdown. (See Section 10 - What else do you need to know? of the customer's contract/policy)
- k) When the responsibility for the repair is covered by any other insurance policy, or any warranty from the Manufacturer or components distributor, such as extended drive train, Certified Vehicle warranty period, major component or full coverage warranties (regardless of the remaining Manufacturer's warranty when You purchased this Contract), or a repairer's guarantee/warranty. In such event there is no coverage under this Contract regardless of whether the said policy, warranty or guarantee is honoured by the provider thereof. Further, Coverage under this Contract is similarly limited in the event of a Breakdown if the Manufacturer has announced its responsibility through any means, including but not limited to, public recalls and Manufacturer service bulletins or if the Manufacturer has ceased manufacturing or supplying components required to repair the Breakdown and other components of like kind and quality are not otherwise generally available. Schedule "E" of the customer's contract/policy)
- l) If Your Vehicle is used for any of the following commercial purposes: rental, police or emergency use, road repair operations, hauling, driving school, route work, vehicles used primarily off road, taxi or fleet vehicles, job site activity, courier or delivery, snow removal, construction, limousine or shuttle, moving services. See Schedule "F" of the customer's contract/policy)
- m) For any Breakdown that is not reported within seven (7) days of its occurrence, or if the information provided by You, or the repair facility, cannot be verified as accurate. See Schedule "G" of the customer's contract/policy)
- n) For any Breakdown when the Vehicle Purchase Date (as shown on the contract/policy Registration Page) differs from the Contract Purchase Date (as shown on the Registration Page). See Schedule "G" of the customer's contract/policy)

This exclusion is waived when:

- a. the vehicle has passed an official vehicle inspection conducted by Your Issuing Dealer and submitted to the Administrator at the time of contract/policy purchase or
- b. the contract/policy holder selected and qualified for a New Vehicle Plan or a certified Pre- owned Vehicle Plan.
- o) If Your Vehicle is not insured by a chartered insurance company in Canada at the time in which Your Vehicle incurs a Breakdown or if You are not a Canadian resident or Your Vehicle is being used more than six (6) months a year outside of Canada. (See Section 3 – Are you eligible for breakdown protection for your vehicle? Of the customer's contract/policy)
- p) Multi-media Software Package: (i) for any Software Update that was available prior to the Contract Purchase Date, or (ii) for any hardware, system or other updates or upgrades that may be required as part of the Software Update (other than what is covered under Schedule A of the customer contract/policy), or (iii) for any software not used exclusively in either the entertainment or navigational systems in Your Vehicle, or (iv) for any software in an entertainment or navigational system in Your Vehicle that was not installed by the Manufacturer or that was installed by the Manufacturer but subsequently modified or otherwise altered by a person other than the Manufacturer.

## **Eligibility**

Vehicle eligibility for the SecureDrive MBP program can be verified online using the HUB.

**NOTE:** If you are not currently set up on the HUB, we highly recommend you contact LGM (see Contact Us section) to gain access to the many useful sales tools available as part of this "e-contracting" solution.

### **Online Eligibility Verification**

Your dealership can determine vehicle eligibility by using the HUB. The HUB quickly determines vehicle eligibility once the user enters the vehicle's VIN number since the software decodes the VIN number and automatically verifies vehicle eligibility.

When quoting SecureDrive MBP, if you cannot find a specific model within the HUB, please contact the Customer Service department to have it added.

### **New Vehicle Plan Eligibility**

New Vehicle Plan coverage is available for all eligible vehicles as determined by the HUB. To qualify for New Vehicle Plan coverage, the vehicle must have at least 1 day and 1 kilometre of manufacturer's comprehensive warranty remaining at time of contract/policy purchase. Vehicles not meeting this requirement do not qualify for New Vehicle Plan coverage.

### **Used Vehicle Plan Eligibility**

SecureDrive MBP Coverage is available for all vehicles normally eligible for the SecureDrive MBP program that are within 13 model years\* and have less than 200,000 kilometres on the odometer at time of contract/policy purchase. Those vehicles that fall outside of these parameters do not qualify for SecureDrive MBP coverage.

### **Certified-Pre-Owned™ Vehicle Eligibility**

Certified Pre-Owned™ vehicles are normally eligible for the SecureDrive MBP program when a minimum of 1 day and 1 kilometer of CPO coverage is remaining from the original manufacturer.

### **Totaled/Write-off Vehicle Eligibility**

In the event that a dealership wishes to sell a SecureDrive MBP contract/policy on a vehicle which has been declared a total loss/write-off and has been reconditioned to meet insurability standards, you must contact the Administrator and register this vehicle for warranty acceptance.

The Administrator will require an inspection form (available in the Sales Tools section of the HUB) to be submitted which clearly shows all mechanical features covered under SecureDrive MBP are in good working order. Any vehicle that has been totaled/written-off and has been sold a SecureDrive MBP contract/policy without Administrator approval will be returned to the Issuing Dealer with a refund in accordance with cancellation provisions as outlined within the contract/policy at the time that the Administrator is made aware that the vehicle is ineligible for coverage.

### **Grey Market and Import Model Vehicle Eligibility**

- a. Customer can purchase a "Used Vehicle" plan and when their Vehicle is imported from the U.S.A., They will be eligible to make a claim for Components and Repairs (even if the U.S.A. Manufacturer's warranty will not honour claims made in Canada);
- b. if Customer purchases a "New Vehicle" plan and their Vehicle is covered by an original or extended Manufacturer's warranty, Customer will not be eligible to make a claim for Components or Repairs until that warranty has expired by time or distance (even if the U.S.A. Manufacturer's warranty will not honour claims made in Canada);

However, the vehicle must successfully pass the pre-sale vehicle inspection process, should it have less than 1,000 kilometers and/or less than one month of the original manufacturer's comprehensive warranty remaining.

### **Pre-Owned vehicle models:**

For pre-owned vehicle models imported into Canada having no manufacturer's comprehensive warranty remaining, the Issuing Dealer may sell a Used SecureDrive MBP coverage. However, the vehicle must first successfully pass the pre-sale vehicle inspection process.

### **Contract/Policy Period**

The SecureDrive MBP program offers various terms and plans depending on whether the vehicle is eligible for new, used or Certified Pre-owned coverage. The commencement of coverage varies depending on whether or not the vehicle is eligible for a "New Vehicle" Plan, "Used Vehicle" Plan or "Certified Pre-owned Plan." The contracts/policies sold via the HUB automatically have the correct Plan Type associated to the contract/policy.

### **Vehicle Inspections**

A vehicle inspection report must be completed when the contract purchase date differs from the vehicle purchase date. Performing an inspection on such vehicles will permit Mechanical Breakdown Protection coverage to be sold. The Vehicle Inspection Form is located under the Sales Tools section of the HUB.

- An inspection is not required on new or near new models from a Dealer's inventory which have more than 3 months and 5,000 kilometres of the manufacturer's comprehensive warranty or CPO warranty remaining at time of contract purchase.

- In the event a vehicle inspection is required, the original copy of the Vehicle Inspection Form must be signed by the inspecting technician and the vehicle owner.
- The cost of the Vehicle Inspection Report is the customer's responsibility.
- The Dealer is responsible to retain the Inspection Form in the event it is requested by the Administrator.
- The Administrator shall have the right to request a copy of the completed Inspection Form.

## **E-Contracting**

SecureDrive MBP can be accessed and sold via a secure online portal at [www.lgmhub.ca](http://www.lgmhub.ca)

To get started with e-contracting please contact LGM at 1-800-510-8372 and they will provide you with online access.

### **E-contracting provides you with these valuable benefits:**

- No need to complete pre-printed forms
- Easy to use and quick to complete
- Guaranteed accuracy of rates and coverage
- Track results electronically
- Complete monthly remittance automatically
- Professional documents for your customer
- Instant confirmation of coverage
- VIN decoding makes processing faster (auto-population)

**IMPORTANT:** Please note that your dealership is to retain a customer-signed copy of each policy/contract sold. It is the responsibility of the Dealer to promptly provide the Administrator a copy of the signed policy/contract upon request.

## **Deductible Options and Light Commercial Use Fee**

SecureDrive MBP offers various deductible options on new, used and certified pre-owned coverage programs to suit most customer preferences.

### **Our standard deductibles include:**

- \$0 Deductible (not applicable on limit of liability plans)
- \$50 Deductible
- \$100 (Dealer Loyalty) Deductible
- \$250 (Dealer Loyalty) Deductible
- \$500 (Dealer Loyalty) Deductible

No deductible applies to any Additional Benefits.

The contract holder is required to pay one (1) deductible per repair visit. Once a part is repaired or replaced under the terms of the contract/policy, any deductible amount for future repairs to that part will be waived.

The Dealer Loyalty (\$100, \$250 and \$500) deductible option is designed to improve client retention. The contract/policy holder will have his/her deductible amount reduced by \$50 on all repair visits completed at the Issuing Dealer which has a licensed repair facility.

The Light Commercial Use (LCU) fee is 20% of the customers authorized claim amount (after applicable taxes). If a customer is using the vehicle for a Light Commercial Use application, they will be responsible for the greater of either the deductible amount as shown on the registration page or the LCU fee. All deductibles or LCU fees must be collected from the contract/policy holder upon completion of the approved repairs.

## **Light Commercial Use**

SecureDrive MBP plans allow eligible new and used vehicles to be used in various Light Commercial Use (LCU) applications. There is no premium surcharge for LCU vehicles, however at time of claim the customer will be responsible to pay the greater of his deductible or 20% of the authorized claim amount, including applicable taxes.

## **Light Commercial Use**

A vehicle is considered to be used for light commercial use if customer's Vehicle is an owner-operated vehicle used for a purpose other than Heavy Commercial Use, and includes commercial car-sharing or ride-sharing uses. For greater clarity, a vehicle will be owner-operated if used for a sole proprietor's business. If the customer's Vehicle is operated under Light Commercial Use during the term of this Policy, they must promptly notify the Administrator and will be responsible for paying the LCU Deductible on future claims (instead of the Standard Deductible)

### **Commercial Applications Not Considered Light Commercial Use**

Normal use of a passenger vehicle including commuting to and from a workplace, travelling salesperson without deliveries etc. is not considered to be Light Commercial Use.

### **Excluded Commercial Applications (Heavy Commercial Use)**

A vehicle does not qualify for coverage if it is used for any of the following commercial purposes, as these are not considered LCU.

- rental;
- police or emergency use;
- road repair operations;
- hauling;
- driving school;
- route work;
- vehicles used primarily off-road;
- taxi or fleet vehicles
- job site activity;
- courier or delivery;
- snow removal;
- construction;
- limousine or shuttle;
- moving services

**Please contact the Administrator at 1-866-287-6200 if you are uncertain if a vehicle qualifies for Light Commercial Use coverage.**

## **Confirmation of Coverage**

The HUB automatically confirms coverage to the customer by sending a welcome letter, with its integrated wallet card, along with the complete contract/policy terms and conditions 48 hours after being purchased in the HUB. It is important that the customer's email address is entered correctly into the HUB during the sales process to ensure the customer receives this documentation. In the event the customer does not have an email address, a welcome letter, with its integrated wallet card, along with the complete contract/policy terms must be printed and presented to the customer at time of purchase.

## **Transfers**

In the event of a private vehicle sale, SecureDrive MBP coverage may be transferred into the name of the new private owner. SecureDrive MBP policies may only be transferred once during the term of coverage (unless otherwise stated by provincial law)

In order to facilitate a contract/policy transfer, the original purchaser must contact the Administrator or the Issuing Dealer within 30 days of ownership change to initiate the request.

The Administrator will provide the original customer with a Transfer Request Form. This form is available online in the HUB or by contacting the Administrator at 1-866-287-6200. The Transfer Request Form MUST be completed and signed by both the original purchaser and the subsequent private owner. The Transfer Request Form will require the following information:

- Dealership name
- Contract/policy number
- Name of contract/policy holder

- Date of vehicle ownership change
- Odometer reading on vehicle at time of ownership change
- Year, make and model of vehicle
- Vehicle Identification Number
- Name, mailing address, email address and phone number of new owner.

The Administrator requires a copy of the official Transfer of Ownership document, which has been signed by both parties. Often this form is completed during the provincial or private insurance transfer. It may be referred to as a Bill of Sale or a Transfer/Tax Form. The Administrator will also require a copy of a vehicle registration in the new owners name.

The Transfer Request Form and the Transfer of Ownership document must be forwarded to the Administrator along with the transfer fee payment of \$100 plus applicable taxes. The fee can be paid by sending a cheque or providing the credit card details on the Transfer Request Form. A transfer fee paid by credit card will appear on the cardholder's statement as a charge by LGM.

The Administrator does not require any maintenance documents in order to validate coverage or confirm transfer acceptance. However, the new owner must be provided the vehicle maintenance documents to ensure they are available for review by the Administrator in the event of a claim.

Vehicles still within the original manufacturer's warranty term at time of transfer may have the transfer facilitated by the dealership from the original owner to the next owner but the vehicle cannot be transferred to the dealer at any time.

### **IMPORTANT**

**In order to prevent vehicle refurbishment and protect loss ratios, claims will not be authorized, under any circumstances, during the period in which the covered vehicle remains under the care, control or ownership of a dealership.**

**Please ensure all cheques relating to contract/policy transfers are made payable to: LGM**

## **Cancellations**

This program offers non-cancellable warranty certificates that have been designed to allow customers to cancel their warranty contract/policy at any time within the first 30 days for a full refund, less any claims authorized or paid.

Following 30 days from purchase, the non-cancellable warranty certificate may not be cancelled by the customer unless:

- a) Your dealership agrees to participate in a refund (the proportional amount of the upfront profit will be invoiced to your dealership following the cancellation); or
- b) The Lienholder who financed the warranty certificate has interest in the certificate and provides a written cancellation request to the Administrator due to the vehicle being repossessed or written off.

For contracts/policies sold after January 1, 2010, Dealers are not required to contribute towards cancellation refunds when the Lienholder requests contract/policy cancellation due to vehicle repossession or total loss and the total loss/repossession occurs more than 90 days from the contract/policy purchase date.

The non-cancellable warranty certificate meets the cancellation requirements of most Lienholders. The Administrator will comply with specific Lienholder regulation, in the event your dealership requires the certificate to be cancellable by the customer at any time during its term.

### **Cancellations initiated by Contract/Policy Holder**

Specific cancellation requirements are fully explained within each contract/policy. Cancellation requests initiated by a contract/policy holder will be redirected to the original Issuing Dealer to ensure that the Issuing Dealer has an opportunity to discuss the reason for cancellation with their customer. The Administrator will always hold the Issuing Dealer's contribution of the refund in strictest confidence.

Issuing Dealers can initiate a cancellation request in the HUB, by accessing the customer's contract and submitting a cancellation request. Cancellation quotes can be obtained through the HUB without having to contact the Administrator.

Alternatively, if a dealership does not have access to the customer contract in the HUB, a Cancellation can be initiated by having the original contract/policy holder complete the Cancellation Request Form. This form is available online at

[www.lgmhub.ca](http://www.lgmhub.ca), or by contacting the Administrator. The Cancellation Request Form will ask for the following information:

- Contract/policy registration number
- Name, phone number and email address for contract /policy holder
- Dealer name and name of dealer representative
- Vehicle Identification Number (VIN)
- Cancellation date
- Current odometer reading (if applicable)
- Reason for cancellation; loan information, name and address of lienholder (if applicable)
- Signatures of both the contract/policy holder and the dealer representative

If the Issuing Dealer is required to participate in the refund, the Administrator will provide the Issuing Dealer with a quote which outlines the total refund and outlines the Issuing Dealer's portion.

If the warranty was financed, the refund will be sent to the customer and Lienholder jointly, as listed on the warranty (unless customer has discharged their loan). If the warranty was paid in cash, the refund will be made payable to the customer unless otherwise requested by the customer.

Cancellation requests initiated by the contract/policy holder within 30 days from date of purchase are not subject to any administration fee or pro-rata calculation, providing no claims have been filed.

Cancellations initiated after the first 30 days (with the Issuing Dealer's agreement to participate in the refund, as previously mentioned), or in the event that a claim has been approved and/or paid, are subject to a pro-rata refund less an administration fee of \$100 plus applicable taxes and a deduction for any claims approved or paid.

### **Cancellations initiated by the Administrator**

The Administrator may initiate a cancellation in the event that the vehicle is deemed ineligible for coverage due to insufficient premium payment, intentional misrepresentation in obtaining the contract/policy, or for misrepresentation in the submission of a claim. Cancellation requests initiated by the Administrator within 30 days of date of purchase are not subject to an administration fee and will be calculated based upon the entire amount paid, less any claims paid. Cancellations initiated after the first 30 days are subject to a pro-rata refund less an administration fee of \$100 plus applicable taxes and a deduction for any claims approved or paid.

### **Cancellations initiated by the Lienholder due to Write off or Total Loss**

In the event a cancellation is initiated by a Lienholder due to repossession or total loss (where the total loss or repossession occurs prior to 90 days from the contract/policy purchase date), the Administrator is required to refund the unearned retail amount of the cancellation to the Lienholder, which includes the amount that your dealership is required to contribute. The Administrator will provide your dealership with written notification for the amount that will be invoiced for the cancellation. The Issuing Dealer is required to remit their amount owing for the cancellation to the Administrator within 30 days of notification.

Cancellations initiated by the Lienholder are calculated using the pro-rata method. The pro-rated refund will be based on the expired portion of the policy/contract by time or kilometres, whichever is greater, based upon the term selected and the date coverage begins. The Lienholder will only have the right to request cancellation in the event they have an outstanding loan balance for the financing of the contract/policy premium.

Pro-rata refund calculations are based upon the unused portion of the contract/policy by time or kilometres, whichever is greater, according to the term selected and the date coverage begins. New vehicle coverage begins on the vehicle in-service date & zero (0) kilometres, while certified and pre-owned vehicle coverage commences on the contract/policy purchase date and the odometer reading on the vehicle at time of contract/policy purchase.

### **IMPORTANT**

The Administrator will issue the refund directly to the contract/policy holder (and Lienholder if applicable) and your dealership will be invoiced for their unearned profit as may be required. Please do not deduct cancellations from your remittances for new business.

## **Invoice Payment**

Secure Drive MBP plans are sold exclusively via an online sales portal at [www.lgmhub.ca](http://www.lgmhub.ca). Your dealership is required, on the last day of the month, to report all valid business for invoicing to the Administrator via the HUB



Payment is required by your dealership to the Administrator no later than the tenth business day of the following month. Invoices sent to your dealership pertaining to cancellations must be paid immediately upon receipt. Payment submitted later than this date may result in claim service delays to your customers.

Your dealership can make payment through the HUB via bank withdrawal, credit card submission or with a cheque made payable to the insurer of the business and mailed to the Administrator. Any cheques not made payable to the insurer will be returned to your dealership.

When paying with a cheque, please ensure that you attach the following:

- Cancellation invoices provided to you by the Administrator;
- Cheque made payable to LGM Financial Services Inc.; and
- Invoices generated by the online sales portal.

**Please remit to:**

**Secure Drive**

**#142 - 757 West Hastings Street, Vancouver, BC V6C 1A1**

**Please note the following taxation regulations:**

- Retailers in BC, Alberta and Manitoba are required to remit GST
- Retailers in Saskatchewan are required to remit PST and GST
- Retailers in Ontario and Atlantic Canada provinces are required to remit HST
- Retailers in Quebec are required to remit QST and GST

**Note:** In some cases, where contract/policy tax has been based on customer residence, tax to be remitted may differ from the above.

### **Indigenous Customers**

Please note that tax regulations pertaining to sales of SecureDrive products to Indigenous customers with Indian Status must be observed by your dealership. It is important that your dealership maintains records of such transactions, including the retention of copies of Indian Status Cards, in the event a taxation audit requires this information to be produced.

**Note:** that your dealership is to retain a customer signed copy of each contract sold. It is the responsibility of the Dealer to promptly provide the Administrator a copy of the signed contract upon request.

## **Vehicle Maintenance Requirements**

As outlined in the customer's SecureDrive MBP contract/policies. The contract/policy holder must have his vehicle checked and serviced in accordance with the Manufacturer's recommendations, as outlined in the Owner's Manual. The Owner's Manual lists different servicing recommendations based on individual driving habits and climate conditions. The contract/policy holder is required to follow the maintenance schedule that applies to the conditions. Failure to follow the Manufacturer's recommendations that apply to your specific conditions will result in the denial of Coverage.

It is required that verifiable receipts be retained for all service work. Service work must be performed by the Issuing Dealer or a licensed repair facility. The customer may not conduct his own service work.

In all cases, the Administrator recommends that contract/policy holders contact the vehicle manufacturer for information related to their specific vehicle.

The contract/policy holder should review all upcoming maintenance requirements once they have taken possession of the vehicle to ensure that a required maintenance service is not overlooked which may jeopardize coverage of future claims.

Manufacturer's maintenance schedules which must be adhered to include (but are not limited to):

- Engine oil & filter change

- Automatic transmission oil & filter change
- Manual transmission gear oil change
- Transfer case gear oil change
- Timing belt
- Locking hub servicing
- Wheel bearing repack
- Cooling system servicing
- Lubrication on steering, suspension & driveline components.
- Brake fluid change

The contract/policy holder is also required to service their vehicle in accordance with the manufacturer's required maintenance schedule relevant to the climate conditions and vehicle usage. Failure to adhere to the "severe service" maintenance schedules in those regions which endure severe climates may jeopardize coverage of future claims.

### **New Vehicle Coverage**

The contract/policy holder is responsible for all required maintenance from the original In-Service Date. In the event that a contract/policy is transferred to another owner, all receipts verifying proof of maintenance must be forwarded to the new owner, as they may be required in the event of a claim.

### **Pre-owned and Certified Pre-owned Vehicle Coverage**

The contract/policy holder is responsible for all required maintenance from contract/policy purchase date. In the event that a contract/policy is transferred to another owner, all receipts verifying proof of maintenance must be forwarded to the new owner, as they may be required in the event of a claim.

## **Claims Assistance**

The Administrator will direct a contract holder to return to your dealership for repairs under the Mechanical Breakdown Protection plan whenever possible to do so. This important step assures the Administrator of quality repairs and improves customer retention for your dealership.

### **The following is the CUSTOMER's steps to filing a claim as stated in the customer agreement:**

1. **Prevent further damage** - Take immediate action to prevent further damage. This Contract will not cover any damage caused by not securing a timely repair of the failed component;
2. **Take Your Vehicle to licensed repair facility** – it is recommended that You take Your Vehicle to the dealer which has issued Your Contract whenever possible. If this is not possible due to proximity or the location of the Breakdown, please contact the Administrator at 1-866-937-8406 for assistance in locating an authorized repair facility;
3. **Provide the repair facility with a copy of Your Contract and/or Your Contract number;**
4. **Obtain authorization from the Administrator** – Prior to any repair being made, instruct the repair facility to contact the Administrator to obtain an authorization for the claim. Failure to do so will void Coverage under this Contract.
5. **Authorize Teardown and/or Inspection** - In some cases, You may need to authorize the repair facility to inspect and/or teardown Your Vehicle in order to determine the cause and cost of the repair. You will be responsible for these charges if the failure is not covered under this Contract. We reserve the right to require an inspection of Your Vehicle prior to any repair being made. Labour charges for diagnosis are the responsibility of the Contract holder, unless specifically listed within a nationally recognized labour guide for covered components;
6. **Review coverage** – After the Administrator has been contacted, review with the Service Manager what will be covered by this Contract.
7. **Pay any applicable Deductible(s)** – We will reimburse the repair facility of You for the cost of the work performed on Your Vehicle that is covered by this Contract and previously authorized, less the Deductible(s) (if any). Once authorization is obtained, and the repair is completed, all repair orders, documentation and receipts must be submitted to the Administrator within thirty (30) days to be eligible for payment; and
8. **Emergency Repairs** - Should an emergency Breakdown occur which requires a repair be made at a time when the Administrator's office is closed, You must contact the Administrator's office within the next available business day of the date of repair to determine if such repair will be covered by this Contract. If covered, We will pay for

the repair less any applicable Deductible(s).

**To initiate a claim the DEALER should follow these steps:**

1. **Log into the online claims submission portal using your unique log in information at [www.lgmhub.ca](http://www.lgmhub.ca); or**
2. **Contact the National Claim Centre by telephone or facsimile:**

<b>Telephone toll free</b>	<b>1-866-287-6200</b>
Hours of Operation	Monday – Friday 7.30 am – 7.30 pm (EST) Saturday 9.00 am – 6.00 pm (EST)

**Provide the National Claim Centre with the following information:**

- Repair facility name and telephone number
- Last eight (8) digits of the Vehicle Identification Number (VIN)
- Contact name at the repair facility
- Contract holder's complaint or concern
- Contract number
- Part numbers for components required for repair
- Name of the contract holder
- Cause of failure
- Vehicle description – year and model
- Repair order number
- Current odometer reading
- Labour time for repair

The Claims Adjuster will provide the repair facility with a reference number. This number should be referred to throughout the remainder of the claim process to ensure efficient claim administration.

3. **Obtain authorization from the client for diagnosis and/or tear down.**

In the event the service department requires time to tear down or diagnose a condition or failure, they must obtain approval from the contract holder. Until such time as the repair facility has made a determination of the required repairs, and receives confirmation that such repairs are covered under the terms and conditions of the contract, the Administrator cannot provide approval for any portion of required teardown or diagnosis.

4. **Contact the Administrator for claim approval.**

Once a diagnosis for required repairs has been established, the repair facility must itemize the required parts and labour hours which will be reviewed by the Claims Adjuster.

The Administrator will approve labour times as determined by the labour guide. Labour hours not clearly identified in the labour guide that are covered under the terms and conditions of a MBP contract will be approved at the sole discretion of the Claims Manager.

The Administrator will authorize parts for approved repairs at the suggested retail price as recommended by the manufacturer.

Once the total approved cost of the repair has been determined, the Administrator will provide the repair facility with an authorization number.

**For claims assistance, please contact the Administrator toll-free at 1-866-287-6200**

**IMPORTANT**

In order to prevent vehicle refurbishment and protect loss ratios, claims will not be authorized, under any circumstances, during the period in which the covered vehicle remains under the care, control or ownership of a dealership.

**Submission for payment**

The Administrator requires that all repair orders authorized for payment be submitted within 30 days of the completion of the repair. To ensure expedient claim payment, please ensure the following information is included on the repair order:

- Claim authorization number.

- Name of contract/policy holder.
- The date the repair was completed.
- Odometer reading of the vehicle.
- Vehicle Identification Number (VIN).
- Contract/policy holder's signature.
- Name, address & telephone number of repair facility.
- Hourly labour rate.
- Part numbers and pricing per component.
- Labour hours per repair or operation.
- Name or ID number of the service writer.
- Name or ID number of the repairing technician(s).
- Copies of all sublet invoices: rental, towing, machine shop, etc.

Please direct all inquiries relevant to claims payment to: "Settlement Department" at 1-866-287-6200 or at [settlement@lgm.ca](mailto:settlement@lgm.ca)

### **Sublet Repairs and Services**

SecureDrive MBP offers a mark-up provision for certain sublet services and repairs to assist in covering expenses incurred by the repair facility. The Administrator will approve a maximum markup of 10% on machine shop service(s) relating to:

- Cylinder head machining.
- Engine cylinder hone or rebore.
- Crankshaft repairs.
- Driveshaft repairs.
- Radiator repairs.
- Rebuilding or repair of any mechanical or electronic component as directed by the Administrator.

Examples would include alternator, starter, turbo/supercharger, etc.

### **Markup will not be included or approved for:**

- Any repairs sublet to another repair facility without authorization from the Administrator.
- Rental allowance benefit expense.
- Towing benefit expense.

In the event that your dealership sublets a repair to another facility, the Administrator will pay for labour hours as per a nationally recognized labour guide and retail prices for parts installed. Your service department will not be permitted to mark up the costs greater than these amounts. Your service department can request that payment is sent directly to the sublet facility or they may elect to receive payment and reimburse the sublet repair facility. In order to receive payment for sublet repairs, your service department must ensure that copies of all relevant sublet invoices are included with claim payment submissions.

### **Virtual Credit Card Payment Processing**

The Administrator may authorize claim payment by Virtual credit card (E-Pay) in the event that a contract holder has repairs completed by a repair facility requesting instant payment. The Virtual credit card payment process is often utilized when a repair facility, situated away from the client's residential area, is reluctant to initiate or complete repairs for a warranty program that they are not familiar with. The Virtual credit card payment ensures repairs are completed in the normal efficient manner for the contract holder, in the event they are travelling or on vacation.

Claims to be paid by Virtual credit card are initiated in the usual manner. To complete the payment transaction, the repair facility must email or fax the relevant documentation to the Claims Department (as described above). Once all documentation has been received and reviewed, the Claims Department will finalize the transaction by providing the repair facility with an email containing the E-pay card information, which is temporary.

Our settlement department will require confirmation of the Dealer's/Repair facility's email address where they would like all payment information sent. Any questions should be directed to LGM settlement department at [settlement@lgm.ca](mailto:settlement@lgm.ca).

## **Replacement Components**

SecureDrive MBP policies define approved replacement components to be “new, remanufactured, or of like kind and quality.”

The claims adjuster will count on your parts department to procure components that are warranted by the supplier nationally, while ensuring a solution that is cost effective. As the Administrator, we are not responsible for procuring replacement components on your behalf, however, the Administrator will assist whenever possible in the event that your dealership cannot provide a reasonable solution. By relying on your parts department to deal directly with a parts source, we eliminate poor communication and inaccurate translation of information.

The Administrator will approve costs on parts to a maximum of the retail amount reported by the parts source (on a regional level), be it a manufacturer or jobber component. **SecureDrive MBP** Issuing Dealers must recognize that parts costs are a contributor to overall loss ratio experience and therefore should ensure that reasonable costs are charged for the required parts.

“New” components may be procured from the manufacturer or a nationally recognized jobber source.

### **New parts will be the approved replacement when:**

- a) A factory remanufactured component is not available and a used component is not suitable; or
- b) The reduced cost of a factory or aftermarket remanufactured component is outweighed by the parts warranty versus that of a new component; or
- c) The delay associated with attempting to procure a remanufactured component will promote sufficient additional rental benefit expense.

“Remanufactured” components may be procured from the manufacturer or a nationally recognized jobber source.

### **Remanufactured parts will be the approved replacement when:**

- a) A new component is more expensive and does not offer any additional advantage such as extended parts warranty, etc.; or
- b) A component of “like, kind & quality” does not offer a distinct advantage, such as cost, value or timely delivery.

“Like, kind and quality” is usually the official term for “used parts,” and are normally procured from local or nationally recognized automotive salvage distributors.

### **Used components will only be the approved replacement when:**

- a) New or remanufactured solutions are not available from a jobber source or the manufacturer; or
- b) The limit of liability per claim or the total aggregate of the contract/policy does not allow for the expense of a new or remanufactured part: or
- c) A condition or failure is due, in part, as a result of negligence by the contract/policy holder, who is not prepared to participate in the cost of the repair; or
- d) The Administrator deems that, based upon the circumstances of the claim, or the time and/or mileage expired/remaining on the contract/policy, an equitable solution would be to repair with a used part of like kind and quality.

### **Examples include:**

Repairs on a vehicle during the final 30 days of contract/policy coverage and usually with an odometer reading in excess of 120,000 kilometres.

Condition(s) on a vehicle which are recognized to be partially pre-existing. This is usually determined by recognizing that a short period of time/mileage has expired since the contract/policy purchase date.

## **Pre-existing Conditions**

SecureDrive MBP policies exclude coverage when the breakdown or condition existed prior to the commencement of the contract/policy.

Generally, claims initiated within the first 30 days of the coverage period will be closely examined to determine if a condition or failure is a result of a pre-existing condition. Although your dealership is responsible to ensure that all

components covered under the terms of a contract/policy are in good working order at the time of contract/policy sale, there will be occasions when a condition is intermittent or undetectable. The claims adjuster will work closely with your Service Department to determine a fair and equitable solution on a case-by-case basis.

The verification of a pre-existing condition is usually more easily determined on components such as electronic modules and sensors which either function properly or not at all. Unless the claims adjuster receives information to the contrary, whether by accessing service history or during conversations with the contract/policy holder, failures on components such as these will be adjudicated in the usual manner. Claims initiated in the early stages of coverage that are due to pre-existing wear will be subject to denial of coverage. In most cases, your dealership's Service Department determines a pre-existing condition. Occasionally, the Administrator may utilize an independent inspection agency or discuss the repair with the customer in order to thoroughly identify information regarding a condition or failure.

Conditions or failures resulting from normal wear, which have been identified as existing at the time of contract/policy purchase, will not be covered under the SecureDrive MBP program. Expense(s) resulting from the repair or replacement of components under these conditions will be the responsibility of your dealership and/or the contract/policy holder.

## **Dealer Loss Management**

SecureDrive MBP rates are built to provide claims reserves for all of its customers. The continued competitiveness of its rates relies heavily upon dealer loss management and the ability to keep all losses within acceptable standards. Most dealers maintain a healthy earned loss ratio under 80%, however, certain dealers may experience a higher earned loss ratio for a number of reasons which can include:

- Limited number of policies being sold (adverse selection)
- Limited reconditioning of pre-owned vehicles prior to re-sale
- Upselling of repairs that have not been requested by the customer

To ensure that SecureDrive MBP remains competitive, our Dealer Agreement provides that a discount on parts and labour will be provided by the Issuing Dealer on repairs when their overall earned loss ratio exceeds 100%. A 20% discount on retail parts and labour may be applied if the earned loss ratio exceeds 100% and a 30% discount on retail parts and labour may be applied if the dealer earned loss ratio exceeds 120%.

Such discounts only remain in effect while the dealer's earned loss ratio exceeds 100%. Once the loss ratio reduces to below 100%, full retail parts and labour will be paid for approved repairs. The Claims Manager has the right to request and apply a discount under these circumstances in accordance with the Dealer Agreement.

## **Waiver Information**

The SecureDrive MBP waiver form is provided as a suggested selling tool in the business office.

LGM provide this waiver form as a guideline only and urge your dealership to independently seek legal counsel before adopting any waiver form in your dealership.

It is recommended that the SecureDrive MBP waiver form is used extensively or not at all in your dealership since dealers may face liability issues if the waiver form is only used on select customers rather than for all customers that decline SecureDrive MBP. When used appropriately, this SecureDrive MBP waiver form will add further credibility during your sales presentation in the business office. This waiver reminds the customer they have been given the option to purchase SecureDrive MBP and that they have chosen to decline coverage. When properly applied, this waiver form may alter the customer's buying decision. It will also serve as a valuable reference in your deal jacket in the event there is ever contestability about offering SecureDrive MBP to your customers.

The Waiver Form is accessible in the Sales Tools section of the HUB. Upon completion of a customer quote, the dealer has the option of printing a waiver form. The Waiver Form is also available as a downloadable form by visiting [www.lgmhub.ca](http://www.lgmhub.ca).

## **No Interest Deferred Payment Plan**

Mechanical Breakdown Protection is eligible for financing with the LGM No Interest Deferred Payment Plan (NIDPP). For program details please refer to the guide available in the Sales Tools area of the HUB.