

SELLING DEALER'S GUIDE

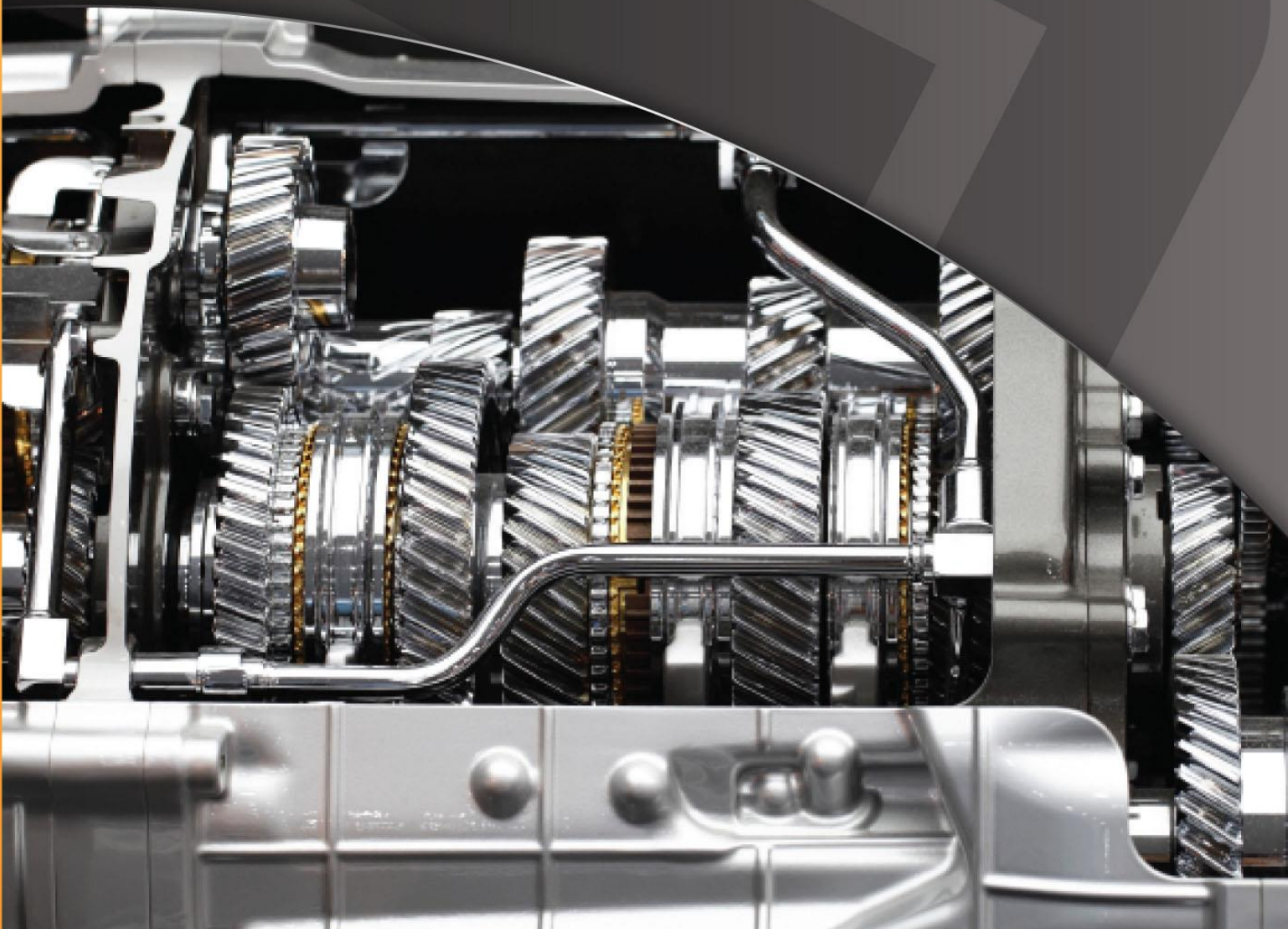


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SecureDrive Mechanical Breakdown Protection Basic

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 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 Basic provides coverage for the following powertrain components:

Engine:

Cylinder Block, Cylinder Head(s) and all internally lubricated parts contained within the engine including: Pistons, Piston Rings, and Wrist Pins; Connecting Rod Bearings; Crankshaft and Main Bearings; Camshaft; Camshaft Bearings; Cam Followers; Timing Chain or Belt, Timing Gears, Guides, Tensioners; Rocker Arms; Rocker Shafts; Rocker Bearings; Cylinder Head Valves, Valve Guides, Valve Lifters, Valve Springs, Valve Seals, Valve Retainers, Valve Seats, Push Rods; 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 parts; Seals and Gaskets.

Transmission:

(Automatic or Standard) Transmission Case and all internal parts **plus**: 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 parts; Seals and Gaskets.

Drive Axle:

(Front and Rear) Drive Axle Cases; all internal parts 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

Electric Motor, High Voltage Cables, Power Converter/Inverter, Battery Charger, Generators.

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 **Basic**.

Additional Benefits

Basic provides the following additional benefits:

- Roadside Assistance
- Trip Interruption

SecureDrive MBP Plus

SecureDrive MBP Plus is an extension on Basic powertrain coverage to include non-powertrain components. Plus coverage is also the first tier of coverage that provides customers with valuable additional benefits such as rental, trip interruption, roadside assistance and the Claim-Free Reward. Plus offers maximum per claim reimbursement up to the actual cash value of the vehicle (as determined by the current 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 MBP Plus provides coverage for the following components:

Engine:

Cylinder Block, Cylinder Head(s) and all internally lubricated parts contained within the engine including: Pistons, Piston Rings, and Wrist Pins; Connecting Rod Bearings; Crankshaft and Main Bearings; Camshaft; Camshaft Bearings; Cam Followers; Timing Chain or Belt, Timing Gears, Guides, Tensioners; Rocker Arms; Rocker Shafts; Rocker Bearings; Cylinder Head Valves, Valve Guides, Valve Lifters, Valve Springs, Valve Seals, Valve Retainers, Valve Seats, Push Rods; 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 parts; Seals and Gaskets.

Transmission:

(Automatic or Standard) Transmission Case and all internal parts **plus:** 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 parts; Seals and Gaskets.

Drive Axle:

(Front and Rear) Drive Axle Cases; all internal parts 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 parts 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 parts 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; Metal Fuel Delivery Lines.

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, which includes: Compressor, Control Module, Actuator Solenoid, Height Sensor, Mode Selector Switch.

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

Electric Motor, High Voltage Cables, Power Converter/Inverter, Battery Charger, Generators.

Plus 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 Plus.

Additional Benefits

Plus provides the following additional benefits:

- Roadside Assistance
- Trip Interruption
- Rental Benefits
- Claim-Free Reward (on select terms only)

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 Elite coverage, certain excluded components of other plans are covered by Elite:

Emissions:

MAP Sensor; Detonation Sensor; Oxygen Sensor; Barometric Sensor; Vapour Canister; PCV Valve Hose; EGR Adapter Plate; IAC Motor; Air Bypass Valve; Mass Air Flow Sensor; A.I.R. Manifold; A.I.R. Check Valve; Vacuum Restrictor; Engine Coolant Temperature Sensor; ASD Relay; EEC Relay; Diverter Valve; Canister Purge Solenoid.

Supplemental Inflatable Restraint Systems:

All components of the Supplemental Inflatable Restraint Systems are covered.

Additional Benefits

Elite provides the following additional benefits at no additional cost:

- Roadside Assistance
- Trip Interruption
- Rental Benefits
- Claim-Free Reward (on select terms only)

Multi-Media Software Package Upgrade

The multi-media software package optional upgrade can be added to any SecureDrive MBP plan. The optional 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.

Additional Benefits

Rental Benefits

In the event of a covered breakdown, a rental benefit is available for SecureDrive MBP Plus and Elite coverage plans (not available on SecureDrive MBP Basic 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 \$50 per day (including taxes) for each eight labour hours (or portion thereof) to a maximum of \$200 (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 \$150 (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 \$100 (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.

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. For the term of the contract/policy, the following 'Sign and Drive' benefits are available twenty four hours and 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 up to one hundred dollars (\$100) per occurrence for receipted towing or road service expenses. Whenever possible, the tow will be directed to the Issuing Dealer.
- **Jump Start** – In the event that the vehicle will not start due to an electrical failure, coverage will be provided up to one hundred dollars (\$100) per occurrence.
- **Flat Tire Changes** – In the event that the vehicle requires a tire change due to a puncture, coverage will be provided up to one hundred dollars (\$100) per occurrence 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 up to one hundred dollars (\$100) per occurrence (one claim per year permitted) for emergency gas service. NOTE: Cost of gas is not included.
- **Lock Out Service** – In the event the vehicle ignition key has been locked inside the vehicle, coverage will be provided up to one hundred dollars (\$100) per occurrence (one claim per year permitted) for locksmith services to recover keys. NOTE: Costs for replacement or cutting keys is not included.
- **Concierge Service** – Family notification, reservation changes, ATM locations etc. Call Toll-Free line for information or assistance.

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.

Available on select SecureDrive MBP Plus and Elite plans only, if the customer (or any person authorized by the customer to act on their behalf) have not filed any claims (or received any additional benefits) 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 MBP vehicle service contract 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 product purchases within three (3) months of the expiration of the customer's policy/contract by time. Any refund amount that is not applied towards a purchased within three (3) 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 Secure 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 three (3) 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 three (3) years; and
- d) The mileage difference between the current odometer reading (the original odometer reading at time of policy/contract purchase) and the policy/contract expiration mileage, as shown on the registration page, must be a minimum of 40,000 kilometres; and
- e) The customer purchased a SecureDrive MBP Plus or SecureDrive MBP Elite Plan without a per repair limit of liability; and
- f) The customer is not one of the following: a retail dealership, vehicle distributor, contract administrator/marketer or an agent, employee, officer, or staff member thereof; and
- g) The customer submits their notarized statement of claim within thirty (30) days from the expiration date (by time) of their policy/contract to the Administrator. Claims received by the Administrator after thirty (30) days will not be accepted.
- h) The customer does not use their vehicle for more than one hundred eighty (180) days a year outside of Canada.

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 motel and restaurant expenses, up to one hundred dollars (\$100), including tax, per day for a maximum of four (4) days. The total benefit per breakdown shall not exceed four hundred dollars (\$400), including tax.

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.

WHAT IS NOT COVERED:

- a) For repairs to the vehicle when the breakdown or condition existed prior to the commencement of the contract/policy.
- b) For any part not specifically listed in the Schedule of Coverages, including but not limited to any of the following parts: 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.
- c) For maintenance services and parts described in Your Vehicle's Owner's Manual as supplied by the Manufacturer and other normal maintenance services and parts 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 (except Steering and Air Conditioning), Belts (except Timing Belt, unless Manufacturer's recommended maintenance has been neglected), Brake Pads, Brake Linings/Shoes, and Wiper Blades. Filters, Lubricants, Coolants, Fluids and Refrigerants will be covered only if replacement is required in connection with a covered Breakdown.
- d) For any Breakdown caused by collision, fire, theft, vandalism, riot, explosion, lightning, earthquake, freezing, rust or corrosion, windstorm, hail, water or floods, salt, environmental damage, contamination of fluids, coolants or lubricants.
- 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.
- 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.
- 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 field tolerances allowed by the Manufacturer.
- 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.

- 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.
- 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 parts 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.
- k) When the responsibility for the repair is covered by any other insurance policy, or any warranty from the Manufacturer or parts 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 parts required to repair the Breakdown and other parts of like kind and quality are not otherwise generally available.
- l) If Your Vehicle is used for any of the following commercial purposes, even if the Light Commercial Use surcharge has been paid: rental, police or emergency use, road repair operations, hauling, driving school, route work, vehicles used primarily off road, taxi or public hire, job site activity, courier or delivery, snow removal, construction, limousine or shuttle.
- 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.
- 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). 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 one hundred eighty (180) days a year outside of Canada.
- 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, 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 Digital Resource Centre, or manually by using the Vehicle Classification Guide.

NOTE: If you are not currently set up on the Digital Resource Centre (DRC) online portal, we highly recommend you contact LGM (see Reaching 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 Digital Resource Centre. The DRC 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 Digital Resource Centre, 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 DRC or the Vehicle Classification Guide. 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.

Pre-owned 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 160,000 kilometres (200,000km on Limit of Liability plans) 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 on-line at www.lgm.ca) to be submitted which clearly shows all mechanical features being 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

Eligible imported models still under manufacturer’s comprehensive factory warranty:

If the vehicle manufacturer continues to provide their original comprehensive warranty coverage in Canada for the imported vehicle in question, and the vehicle is one normally eligible for the SecureDrive MBP program, the Dealer may sell SecureDrive MBP coverage on the vehicle. 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 Selling Dealer may sell pre-owned SecureDrive MBP coverage. However, the vehicle must first successfully pass the pre-sale vehicle inspection process.

IMPORTANT: Dealership entities, its owners and their staff are not permitted to purchase any **SecureDrive MBP** contract/policy without the express written permission of the Administrator. Please contact the Administrator if you require further information.

Contract/Policy Period

The SecureDrive MBP program offers various terms and plans depending on whether the vehicle is eligible for new, pre-owned 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 DRC online sales portal 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 Digital Resource Centre.
- 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.lgm.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.

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 via the online sales portal. 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.lgm.ca.

Deductible Options

SecureDrive MBP offers various deductible options on new, pre-owned 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

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 and \$250) 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.

All deductibles must be collected from the contract/policy holder upon completion of the approved repairs.

Light Commercial Use

SecureDrive MBP plans allow eligible new and pre-owned vehicles to be used in various light commercial applications.

Vehicles used for light commercial use purposes are sold in the normal manner via the online sales portal but must have the "Light Commercial Use" box selected. Upon selecting "Light Commercial Use" a surcharge will automatically be applied to the SecureDrive MBP contract price.

Please note that vehicles determined to be used in a light commercial use manner which have not paid the appropriate surcharge will have any submitted claims denied.

The following is to assist with determining if a light commercial use surcharge applies:

Light Commercial Use

A vehicle is considered to be used for light commercial use if it is used for any commercial purpose that requires alterations to the vehicle in any manner including, but not limited to, attached equipment, removed equipment, or modifications to originally equipped parts ("Light Commercial Use").

Commercial Applications Not Requiring Light Commercial Use Surcharge

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

A vehicle does not qualify for coverage if it is used for any of the following commercial purposes, even if the Light Commercial Use surcharge has been paid:

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

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 DRC (Digital Resource Centre) 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 DRC. It is important that the customer's email address is entered correctly into the DRC 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 required 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 via the Digital Resource Centre 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 also requires a copy of the official Transfer of Ownership document that has been signed between the 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 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

Invoice Payment

Secure Drive MBP plans are sold exclusively via an online sales portal at www.lgmdrc.ca. Your dealership is required, on the last day of the month, to report all valid business for invoicing to the Administrator via the Digital Resource Center or the Administrator will generate them on your dealership's behalf. The Administrator shall prescribe the method and form of invoicing.

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 DRC 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 Sovereign General Insurance Co.; 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:

- Dealers in BC, Alberta, Saskatchewan, and Manitoba are required to remit GST
- Dealers in Ontario and Atlantic Canada provinces are required to remit HST
- Dealers 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.

Aboriginal Customers

Please note that tax regulations pertaining to sales of SecureDrive products to Aboriginal 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.

Please 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.

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 due to the vehicle being repossessed or written off to the Administrator.

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. In the event your dealership requires the certificate to be cancellable by the customer at any time during its term to comply with specific Lienholder requirements, your dealership will be provided cancellable contracts/policies via the online Digital Resource Centre. Please contact your LGM Dealer Development Manager to be set up with cancellable warranty certificates.

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.

To initiate a cancellation, the original contract/policy holder must complete the Cancellation Request Form at the Issuing Dealer. This form is available online at www.lgm.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, fax number 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 a) an administration fee of \$100 plus applicable taxes and b) 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 a) an administration fee of \$100 plus applicable taxes and b) 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.

Service Sales

The SecureDrive MBP program provides an opportunity for your dealership to offer mechanical breakdown coverage to your customers at any time by implementing the SecureDrive MBP Service Sales program in your service department.

The SecureDrive MBP Service Sales (SDSS) program offers the same terms, coverage and deductible as those available from your dealership's business office to all vehicles normally eligible for the SecureDrive MBP program. The coverage available is as follows:

- Vehicles with a minimum of 1 day and 1 kilometre of manufacturer's comprehensive warranty remaining at the time of contract/policy purchase qualify for New Vehicle coverage terms.
- Vehicles having a minimum of 1 day and 1 kilometre of manufacturer's certified pre-owned coverage remaining at the time of contract/policy purchase qualify for SecureDrive MBP coverage.
- Vehicles outside of manufacturer's original warranty or certified warranty, but are within 13 model years, and have less than 200,000 kilometres on the odometer at the time of contract/policy purchase, qualify for Pre-owned Vehicle coverage.

In order to qualify a vehicle for SecureDrive MBP coverage when your customer has not purchased a contract/policy at time of vehicle sale, a mechanical inspection of the vehicle must be completed. In addition to any Dealer charges for performing the vehicle inspection, any costs for repairs for mechanical conditions which existed prior to the purchase of SecureDrive MBP coverage will be the responsibility of the customer. The SDSS inspection form is available online at www.lgm.ca or by visiting the online sales portal.

A licensed technician must verify all components to be covered are in good working order by signing off on the Vehicle Inspection Form. In the event that an SDSS vehicle inspection identifies failed components, those repairs must be addressed prior to approving SecureDrive MBP coverage. When repairs have been completed, the technician must re-inspect and approve repairs. Once the inspection is completed and approved by the Service Manager, or shop foreman, the contract/policy purchaser must also sign the inspection document to verify he/she acknowledges that the Administrator will also not authorize repairs related to a mechanical deficiency which existed at the time of contract/policy purchase.

A copy of the SDSS Inspection Form must be forwarded to the Administrator at time of a claim, if requested by the Administrator. LGM provides effective marketing tools for optimizing SecureDrive MBP sales in the Service Department. Dealers should contact their local Dealer Development Manager for more information.

IMPORTANT: All SecureDrive MBP plans require that each vehicle is in good working condition prior to sale. An inspection report must be completed on each vehicle sold with a SecureDrive MBP contract/policy and any items requiring repair have been completed prior to issuance of the contract/policy. SecureDrive MBP does not provide coverage for any breakdowns that occurred prior to vehicle sale and an inspection report can often assist the Claims Department in verifying that a vehicle was mechanically sound prior to re-sale.

Vehicle Maintenance Requirements

SecureDrive MBP contract/policies state: *“You must have Your Vehicle checked and serviced in accordance with the Manufacturer’s recommendations, as outlined in the Owner’s Manual for Your Vehicle. Your Vehicle’s Owner’s Manual lists different servicing recommendations based on Your individual driving habits and climate conditions. You are required to follow the maintenance schedule that applies to Your conditions. Failure to follow the Manufacturer’s recommendations that apply to Your specific conditions will result in the denial of Coverage. New Vehicle Plan Coverage requires You to ensure proper maintenance was completed from the Original In-Service Date.”*

“It is required that verifiable receipts be retained for all service work. Service work must be performed by Your Issuing Dealer or a licensed repair facility. You may not conduct Your own service work.”

In all cases, the Administrator recommends that contract/policy holders contact the Issuing Dealer for information relative 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.

No Interest Deferred Payment Plan

What is the No Interest Deferred Payment Plan (NIDPP)?

The No Interest Deferred Payment Plan (NIDPP) is a pay-as-you-go program available for all Mechanical Breakdown Protection products. With no qualification or approval process required, all customers are pre-approved at 0% interest, making these two products more affordable and easier to sell. The NIDPP is easy to propose and administer as there is no additional paperwork to complete or time-consuming lender approvals.

Which products are eligible for the NIDPP program?

All Mechanical Breakdown Protection products qualify for the No Interest Deferred Payment Plan.

Program Benefits to Customers & Selling Dealers

There are many scenarios in which the NIDPP will be beneficial for your dealership and customers:

1. As some customers pay cash for their vehicle purchase they may not have considered the investment required for additional warranty products. By taking advantage of this program, they can now afford the product through easy monthly payments.
2. As some customers only qualify for a specified finance amount from their lending institution, the NIDPP can bridge the financial gap should this exceed their financial limit enabling the purchase of the contract/policy.
3. As a customer nears the expiry term of their original manufacturer's warranty, and have decided to keep their vehicle, there is an additional sales opportunity to sell a warranty product to provide extended vehicle protection.

Application Process

The application process simply requires the completion of a short online section of the contract/policy which requires the entry of the customer's bank or credit card information.

Payment Information

Minimum Down Payment Required

A minimum down payment of 10% of the total price of the contract/policy is required.

This down payment will be processed by the Administrator, LGM, when the Selling Dealer completes the "Purchase" for the on-line contract/policy.

The down payment will be charged to the customer's indicated payment method by the Administrator, LGM, within one to three business days of purchase.

When Do Payments Begin?

The down payment will be charge immediately (one to three business days) by LGM with recurring payments beginning on the date indicated as the first payment date on the contract/policy which must be within 45 days after purchase date.

When will the customer's monthly payments be charged to their Credit Card or Bank account?

The customer's monthly payments will be charged on the same day of the month that is indicated in the first monthly payment. Example: First payment date is APR 16 2012; recurring payments will follow on the 16th of each month.

Please note that if the customer has chosen a day such as the 31st, the customer's account will be charged on the last day of the month. Example: First payment date is Jan 31 2012, the February payment will be charged on the 28th of the month.

Customer's that have chosen automatic withdrawals from their bank account should also be advised that if a payment is scheduled for a date that is a holiday or weekend, the funds will be charged on the next business day.

Monthly Payment Details

The customer will make equal monthly payments resulting from the total price paid less the down payment, divisible by the allowable deferred payment term. The allowable deferred payment term varies based upon the length of the contract/policy coverage (time from purchase date to contract/policy expiration date).

The first payment will be charged to the customer's indicated payment method on the date provided within the NIDPP Agreement.

Is the customer able to submit more than 10% as their down payment?

Yes. The Down Payment field is editable, which enables entry of any dollar amount that the customer indicates. This is flexible as long as the minimum of 10% of the contract/policy total cost is met.

Can the customer select any date as the First Payment Date?

Yes. The 1st payment must be within 45 days of the purchase date. The system will indicate what the last date available is.

Who collects the Down Payment?

The Administrator, LGM, collects the down payment from the customer.

When will the Administrator, LGM, collect the Down Payment?

The Administrator, LGM, will process the Down Payment within three business days of the Selling Dealer "Purchasing" the contract/policy.

Payment methods available to the Customer

The customer payment methods available are:

- Credit Card
 - Visa and MasterCard only
- Bank Withdrawal
 - Excluding Line of Credit accounts

What Happens In the event of a payment default?

If a customer defaults on one of their monthly payments, the Administrator, LGM, will contact the customer to collect the outstanding amount due including any fee(s) outlined in the Agreement regarding defaulted payments. The customer will be required to make up any defaulted payment(s) including applicable fee(s) to bring the account back into good standing.

Under the terms of the NIDPP Agreement, a fee of \$50 will be charged against the customer's account for each default payment during the term of agreement. This charge is required to cover the associated bank fee related to the payment default.

What happens if the Administrator, LGM, cannot recover the defaulted payments from a customer?

In the event the customer defaults and has not resolved the default within 10 business days of the regular payment due date, the Administrator, LGM, will issue a written notification informing the customer of the Intent to Cancel the NIDPP agreement as well as the contract/policy. The Administrator will also issue a copy of this notification to the Selling Dealer.

The Intent to cancel notification will indicate a specific date when the customer must rectify the payment default or the cancellation will be processed.

In the event of a cancellation of a contract/policy and the NIDPP Agreement, the following cancellation terms will apply:

1. In the event of a cancellation due to payment default, the Administrator, LGM, will cancel the contract/policy as of the date of payment default.
2. In the case of cancellation due to payment default, the customer will not receive a refund for any payments received by the Administrator, LGM, and the Selling Dealer will only be responsible to pay the Administrator, LGM, for any amount of the Selling Dealer's Net Margin that exceeds the total of the down payment and payments received from the customer (to a minimum of \$0.00).
3. In the event of a cancellation of a cancelable contract/policy by request of the customer/Selling Dealer or on a non-cancelable contract/policy by request of the Selling Dealer (cancellation not due to payment default), the Administrator, LGM, will cancel the contract/policy using the pro-rata method of time/mileage.
4. In the case of a cancellation by request, the refund due to the customer will be calculated according to the pro-rata method and the total funds received from the customer. A \$100 (plus tax) cancellation fee will apply to the customer's refund. The Selling Dealer will be responsible to reimburse the Administrator, LGM, any amount of unearned Net Margin plus unpaid (pro-rata) administration fees up to a maximum of their total Net Margin.

How does a customer change/update their payment information?

The customer must contact the Administrator, LGM, directly either by:

- Telephone: 1-866-287-6200
- Fax: 1-866-287-6201 or
- Email : paymentplan@lgm.ca

Finance Terms

What Finance Terms are available to the customer?

The customer can choose any number of monthly payments which do not exceed the lesser of ½ of the contract/policy coverage or 36 months (contract/policy coverage is the time from purchase date to expiration date.) The drop down menu in the DRC will automatically calculate the available Finance Terms.

Administration Fees

Is there a fee associated with the NIDPP?

In order to administer, finance, process credit card and pre-authorized bank payments towards the NIDPP, the Administrator, (LGM), is required to charge the Selling Dealer an administration fee to cover such costs.

The administration fee for the NIDPP agreements are as follows:

- Mechanical Breakdown Protection product is \$200 plus applicable taxes

Note: This administration fee is a cost to the Selling Dealer and may not be passed to the customer as it violates Provincial Regulations.

Why is the Administration Fee charged to the Selling Dealer?

The Administration Fee is a charge to the Selling Dealer for the cost of processing the contracts/policies sold using the NIDPP program.

Can we charge the customer the Administration Fee?

No, this fee may not be passed along to the customer as it violates Provincial Regulations.

Cancellation Chargebacks

How does the Administrator, LGM, calculate the cancellation chargeback resulting from a Cancellation Due to Payment Default?

The cancellation chargeback is calculated by the following method:

(Total Selling Dealer profit) – (Down Payment+ Monthly Payments Received) to a minimum of \$0

How does the Administrator, LGM, calculate the cancellation chargeback resulting from a cancellation by request?

The cancellation chargeback is calculated by the following method:

- (Pro-rata % of Total Selling Dealer Profit) + (Pro-rata % of the administration fee) to a maximum of the total Selling Dealer Profit.

This calculation ensures that a cancellation will never result in “out of pocket” expenses for a Selling Dealer.

“Out of pocket” expense refers to any amount over and above the Total Dealer Profit. (Dealer Mark-up (total customer cost – total dealer cost) – Administration Fee)

Why is the Selling Dealer charged for the NIDPP administration fee as a part of the cancellation chargeback?

The NIDPP administration fee is a fee to the Selling Dealer for processing the NIDPP program and cannot be passed on to the customer due to Provincial regulations. As a result of the Administrator, LGM, not collecting all of the customer’s monthly payments, the Administrator, LGM, has not been paid by the Selling Dealer for the full amount of the Administration fee.

Why is the Selling Dealer cancellation chargeback more than the pro-rata percent of my profit?

The Administration fee is included in the total Dealer Mark-up of all contract/policies sold using the NIDPP program. In the event of a cancellation, the customer refund will include a portion of the administration fee as the customer is not and cannot be held legally responsible for this fee. It is the responsibility of the Selling Dealer to pay the remaining portion of the administration fee (please note that this amount will be adjusted to prevent “out of pocket” expenses for the Selling Dealer).

Cancels and Refunds

If a customer cancels their current NIDPP contract/policy and purchases another policy will they have to pay a cancellation fee?

No, in the event of a new contract/policy being purchased the cancellation fee will be waived.

Can the Selling Dealer refund a customer should they cancel a NIDPP contract/policy?

All NIDPP contracts/policies must be cancelled through the Administrator, LGM, due to the calculations factoring in the amounts the customer has paid and claims incurred.

How does a customer obtain a refund should they cancel a NIDPP contract/policy?

If the customer is entitled to a cancellation refund, the Administrator, LGM, will issue a cheque payable to the customer. The cheque will be mailed to the most recent address information on file within 30 days of receipt by the Administrator, LGM, of the contract/policy cancellation request.

What reason would a NIDPP contract/policy be cancelled?

There are two different types of NIDPP program cancellations which will result in different possible outcomes; Cancellation Due to Payment Default and Cancellation by Request

What obligation does the Selling Dealer have if the Administrator, LGM, processes a cancellation of a NIDPP contract/policy?

The Selling Dealer is responsible to pay the Administrator, LGM, for the requested cancellation chargeback, which is a portion of the dealer profit that was issued to them in good faith.

Selling Dealer Information

Does the Selling Dealer collect the Down Payment from the customer?

The Selling Dealer does NOT collect any funds from the customer.

Does the Selling Dealer submit contract/policy documentation?

The Administrator, LGM, does not require the Selling Dealer to submit documentation pertaining to the NIDPP Agreement or the contract/policy to which it applies. All required information is collected electronically through the DRC.

Why does the Selling Dealer not remit any funds regarding contracts/policies sold under the NIDPP program?

The Administrator, LGM, will be collecting the total contract/policy cost from the customer, including the Selling Dealer's cost of the contract/policy.

When will the Selling Dealer receive their Dealer Profit from the contract/policy sold on the NIDPP?

Once the Administrator, LGM, has successfully received the customer's down payment, the Administrator, LGM, will issue the Selling Dealer their profit margin (dealer mark-up of contract/policy minus the applicable administration fee including applicable taxes.)

The cost of the contract/policy is not affected by utilizing the NIDPP program. As the Administrator, LGM, is collecting the Down Payment from the customer, the Selling Dealer will receive their dealer profit less the Administration fee including applicable taxes approximately one month after the date of sale.

How is the Dealer Profit calculated?

The Total Dealer Profit that is issued to the Selling Dealer is calculated as follows (using amounts including applicable taxes):

Total Customer Cost – Total Dealer Cost – Total Administration Fee

How to Complete the NIDPP Agreement in the DRC

Finance and Lien Holder Selection

When entering the contract/policy in the DRC, the Selling Dealer must:

- Indicate that the contract/policy is to be "Financed" and
- Select LGM from the Lien Holder drop down menu.

Please note that this step must be completed to allow for the on-line completion of the NIDPP portion of the contract/policy.

Payment Schedule

- Enter the Down Payment being paid by the Borrower (Customer) which must be at least 10% of the total customer cost however this amount can be greater. (The 10% minimum down payment will auto populate but the field is editable which allows for manual changes.)
- Select the Finance Term (months), which is the number of payments the customer wishes to make, from the drop down menu. Refer to the "What are the payment term options?" for details regarding the specific terms available in the drop down menu. Please note that each contact/policy will generate specific financing terms according to the rules associated.

- Indicate if the contract/policy is to be used as Personal or Business Use. This will default on Personal Use.
- Enter the 1st payment commencement date, from the drop down menus, which must be within 45 days of the contract/policy purchase date (there is an indicator below the First Payment Date informing of the last possible payment date.) This will default to one month from contract/policy creation date.
- Select Payment Information. Enter either a valid credit card number and expiry date (Visa or MasterCard only) or bank information. For bank information please follow example for correct entry of account details.

IMPORTANT: In order for the Agreement to be enforceable, please ensure both the customer and Selling Dealer representative signs the contract/policy. The Selling Dealer must retain all signed documents.

Entering Payment Term Options

The customer may adopt fewer monthly payments but may not select a payment schedule that exceeds the lesser of:

- ½ of Contract/Policy Coverage**

Or

- 36 months

** Contract/Policy Coverage = Contract/Policy Expiration Date – Contract/Policy Purchase Date.

Where can I find the NIDPP Agreement?

The NIDPP Agreement will populate within the contract/policy when LGM is selected as the Lien Holder from the drop down menu that appears when the check box indicating the contract/policy to be “Financed”.

How do I create the NIDPP agreement?

When selling the contract/policy to the customer, ensure that you indicate the contract/policy is “Financed” and select “LGM” as the Lien Holder from the drop down menu. This will ensure that the Deferred Payment Plan section will generate after the price has been calculated.

Where do I enter the NIDPP information?

Once the “Calculate Price” button has been selected, with “LGM” indicated as the Lien Holder, the DRC will generate the Deferred Payment Plan section of the contract/policy for information entry.

How do I know what information to enter into the Deferred Payment Plan section?

Once the “Calculate Price” button has been selected, the Deferred Payment Plan section will auto-populate key pieces of information as well as indicate the limitations for each editable section.

What numbers do I enter from the customer’s cheque for their Bank information?

When the Bank Withdrawal is selected in the Deferred Payment Plan section of the contract/policy, an example cheque will indicate which numbers to enter into the Transit, Institution and Account number fields. Please ensure that valid banking information is entered for bank processing prior to purchasing the contract/policy.

Why is it necessary to indicate the Billing Address?

With Bank and Credit Card regulations, the Administrator, LGM, needs to be advised of any differences in the Billing information from the contract/policy address information.

What if we have “Saved” this contract/policy as a quote and the customer decides that they are no longer interested?

As the contract/policy has not been “Purchased” the Administrator, LGM, has not processed the contract/policy or the NIDPP agreement and the onus is on the Selling Dealer to “Delete” the contract/policy. The Administrator, LGM, will only process the Down Payment when the Selling Dealer has “Purchased” the contract/policy. As long as the contract/policy is in “Saved” status the customer will not be charged any funds.

Why does the NIDPP contract/policy not generate on the Remittance Screen with the other contracts/policies that have been sold?

The Selling Dealer does not remit any funds to LGM on behalf of the Underwriter for contracts/policies sold using the NIDPP program.

How does the NIDPP Plan Work?

Example

Mrs. Smith is purchasing a mechanical breakdown contract/policy for her vehicle using the NIDPP program in BC. Mrs. Smith has also informed you that she will be using her credit card for these payments.

The contract/policy details that affect the NIDPP are as follows:

- Vehicle Plan Type: New Vehicle
 - Original In-Service Date: Dec 20, 2006
 - Vehicle Purchase Date: Feb 21, 2011
 - Term: 120 Months 120,000 KMS
 - Policy Expiration Date: Dec 20, 2016
 - Total Price Paid: \$2,987.25 (inclusive of taxes)
1. Mrs. Smith has indicated that she would not like to increase her down payment from the minimum 10%, so her credit card will be charged the down payment of \$298.72 when the Selling Dealer “purchases” the contract/policy in the DRC.
 2. Mrs. Smith has elected to make 35 monthly payments of \$76.82 each. This is the maximum allowable payments for this contract/policy as per Contract/Policy Expiration Date – Contract/Policy Purchase Date = Contract/Policy Coverage/2 (Dec 20, 2016 – Jan 21, 2011 = 70/2 = 35).
 3. Mrs. Smith has indicated that she would like her 1st monthly payment to be applied on April 1st, 2011, which will result in the recurring payments on the 1st of each month after with her last payment on February 1st, 2014. The first payment must be within 45 days of contract/policy purchase. In this example, the last possible first payment date would have been April 7th, 2011.
 4. Once the Administrator, LGM, has successfully collected Mrs. Smith’s down payment, the final processing of the NIDPP contract/policy will be completed.
 5. At month end the Administrator, LGM, will issue the Selling Dealer the balance of profit margin minus the applicable administration fee plus tax. The Selling Dealer will receive \$896.00 for the dealer profit of Mrs. Smith’s contract/policy. The dealer profit of \$896.00 is the total margin of this contract/policy \$1,120 (including tax) less the administration fee of \$224 (including tax).

Requesting Assistance

Please call LGM Customer Service at 1.800.510.8372 from 7:30 am – 7:30 pm EST.

Claims Assistance

The Administrator will direct a contract/policy holder to return to the Issuing Dealer in the event of a mechanical condition or breakdown whenever possible to do so. This important step assures the Administrator of quality repairs and also improves customer retention for our dealers. To initiate a claim for SecureDrive MBP follow these steps:

1. Contact the National Claim Centre by phone, fax or email as follows:

Phone toll free: 1-866-287-6200; Fax toll free: 1-866-287-6201; Email: claims@lgm.ca

2. Provide the National Claim Centre with the following information:

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

The claims adjuster will provide the repair facility with a reference number. The reference number, which identifies a claim has been initiated, should be referred to throughout the claim process to ensure efficient claim administration.

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

In the event the repair facility requires time to tear down or diagnose a mechanical condition or failure, they must obtain approval from the contract/policy holder. The Administrator cannot provide the repair facility with approval for tear down, as the cost incurred for this service will be the responsibility of the contract/policy 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/policy, the Administrator cannot provide approval for services rendered.

4. Contact the Administrator for claim approval

Once a diagnosis for required repairs has been established, the repair facility must compile an itemized list of required components and labour hours which will be reviewed by the claim adjuster. The Administrator will approve labour times as determined by a current version of a nationally recognized labour guide such as ALLDATA, Mitchell OnDemand, or equivalent. The Administrator cannot authorize labour operations or labour times that are not clearly defined in one of these labour guides. Labour hours not clearly identified in a labour guide that are covered under the terms and conditions of a SecureDrive MBP contract/policy, such as wiring harness repair, will be approved at the sole discretion of the Claims Manager. Once the total approved cost of the repair has been determined, the Administrator will provide the repair facility with an authorization number. The approved claim amount will be the total approved cost, less the applicable deductible amount.

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:

- The claim authorization number.
- Name of contract/policy holder.

- The date the repair was completed.
- Odometer reading of the vehicle.
- The Vehicle Identification Number (VIN).
- The 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.
- The name or ID number of the service writer.
- The 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: "Claims Processing Department" at 1-866-287-6200.

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.

Credit Card Payment Processing

The Administrator may authorize claim payment by VISA card in the event that a contract holder has repairs completed by an authorized repair facility requesting instant payment. The VISA 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. VISA 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 VISA card are initiated in the usual manner. To complete the payment transaction, the repair facility must fax or email the relevant documentation to the Claims Adjuster (as described above). Once all documentation has been received and reviewed, the Claim Settlement Department will phone the repair facility and provide credit card payment details. In addition, an email will be sent to the

repair facility to confirm the amounts approved to be processed on the Administrator's corporate credit card.

Self Administration for SecureDrive MBP Claims

The Administrator is pleased to offer your dealership an opportunity to self-administer certain claims. To qualify for self administration, your dealership must agree to the following:

- Produce a minimum of 10 SecureDrive MBP policies per month for a period of 3 consecutive months.
- Maintain an overall earned loss ratio of less than 80%.
- Claims that are initiated within the first 30 days of contract/policy sale date do not qualify for self-administration by the dealer.
- Multiple component claims do not qualify for self-administration.
- Claims on a SecureDrive MBP contract/policy, which were not originally issued by your dealership, do not qualify for self administration.

The following criteria must be followed to ensure submitted claims are processed in a timely manner:

- All claims submitted must be to a maximum of \$1,000.00 (net after deductible has been applied).
- Self-administration repair orders must include all required information as described in the Claim Initiation section of this manual.
- Self-administration claims must be submitted to the Administrator within 7 days of repair completion.

IMPORTANT

A Self-Administration Agreement must be completed by qualifying dealers prior to commencement of the self-administration program.

Failure to comply with the above may jeopardize your dealership's opportunity to participate in this program feature.

SecureDrive MBP claims filed by your dealership.

Claims will not be authorized, under any circumstances, during the period in which the contract/policy holder no longer has insurable interest in the covered vehicle or the contract/policy holder has not authorized the use of their contract/policy for the purpose of filing a claim.

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 a local or nationally recognized automotive salvage distributor. Attempting to install used components during a repair has a number of disadvantages – delay in attaining the part, minimal parts warranty, wrong application, inoperative, etc.

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.

SECUREDRIVE™
Anti-Theft Protection



What is SecureDrive Anti-Theft

SecureDrive Anti-Theft is a vehicle etch program designed to deter potential thieves from stealing a protected vehicle. Additionally, in the event a protected vehicle is stolen, the customer is provided certain benefits under the SecureDrive Anti-Theft agreement/policy.

SecureDrive Anti-Theft deters potential thieves by marking various body panels with an identification number that improves the traceability of the vehicle. The etching system is coupled with window stickers designed to convince potential thieves to leave the vehicle alone.

Province of British Columbia Dealer Licensing Requirements

All Dealers and its sales representatives in the province of British Columbia are required to obtain licensing from the Insurance Council of British Columbia prior to engaging in any sales activity relating to the SecureDrive Anti-Theft program. LGM will be happy to assist your dealership with completing your licensing requirements. Please contact LGM at:

Phone: 1-800-510-8372

Facsimile: 1-800-510-7605

Email: lgmcustomerservice@lgm.ca

Vehicle Preparation

Preparation of the vehicle for the sale of SecureDrive Anti-Theft requires your dealership to apply the window warning stickers on the front driver and passenger side windows plus 6 panel etch decals to specified body panels of the vehicle. SecureDrive Anti-Theft combines a clearly visible warning label with a permanent, pre-registered number embedded on body panels throughout the vehicle to make it a less attractive target for thieves. The pre-registered number adds the vehicle to a national database to improve its traceability.

The panel marking system utilizes a set of 6 decals which are affixed to various hidden locations on the vehicle such as the hood, trunk, doors, etc. These self-adhesive decals are to remain permanently on the body panels and are difficult to remove. It is recommended that 6 decals be applied to each vehicle in the following location:

- both front door jams;
- underside of trunk lid;
- radiator support; and
- front inner fenders.

Once a decal has been in place for approximately 48 hours, the specific tracking number will become imbedded on the painted surface of the panel. Even if the decal is removed, the tracking number will remain on the panel, which can only be detected by using an ultraviolet light. Two warning stickers must then be affixed to the driver and passenger windows to complete the identification process.

In the event a vehicle is stolen and recovered with damage or stolen goods, a full refund of the SecureDrive Anti-Theft purchase price will be given to the customer. If the vehicle is stolen and unrecovered or recovered but as a total loss*, SecureDrive Anti-Theft will provide a selling dealer discount of up to \$5,000 to the customer. See agreement/policy for details.

SecureDrive Anti-Theft is available for all makes and models. A dealer may offer SecureDrive Anti-Theft on off-make vehicles under the same eligibility requirements.

Coverage Options

Recovered Vehicles

In the event the vehicle is stolen and recovered with damage or missing articles, a full refund of the SecureDrive Anti-Theft purchase price will be provided to the customer. For recovered vehicles, the full refund will be paid to the customer directly upon supplying all documents deemed necessary by the Administrator, including a proof of loss statement filed with the contract holder's insurance provider.

Unrecovered Vehicles

In the event the vehicle is stolen and not recovered within thirty (30) days from the date of theft, or the vehicle has been recovered within thirty (30) days but declared a total loss by the primary insurance provider, the contract holder may be eligible (subject to contract terms and conditions) to receive a discount issued by the selling dealer in the amount of the lesser of:

- a. 50% of the amount paid for the covered vehicle; or
- b. \$5,000

Your dealership is required to offer the discount to an eligible customer (after the Administrator has approved the claim). The discount given by the Selling Dealer will be reimbursed by the Administrator, acting on behalf of The Sovereign General Insurance Company in the form of an approval number which is issued by the Claims Department.

An agreement/policy holder shall be entitled to apply an Administrator approved Selling Dealer discount toward the purchase of any new or pre-owned vehicle within the Selling Dealer's inventory and the dealer shall be obliged to provide such discount against the most recent published retail selling price for that vehicle. The Selling Dealer is not required to provide any reduction in the most recent published retail selling price of any selected vehicle by an eligible contract holder other than the eligible and approved discount granted by the Administrator.

In the event that a contract holder does not wish to utilize the eligible Selling Dealer discount towards the purchase of any new or pre-owned vehicle within the Selling Dealer's inventory, the eligible discount shall be forfeited. The Selling Dealer shall have no claim or benefit towards approved and unclaimed Anti-Theft benefits. A customer may not apply a Selling Dealer discount received towards any other vehicle inventory that may exist through dealer groups, affiliate stores, etc, unless this is requested in writing by the Selling Dealer.

The dealerships' liability to a customer for any eligible discounts is reimbursed by the Administrator, provided the Administrator provided the dealership with an authorization for the requested benefit before it was issued. Any eligible claims that are approved by the Administrator are indemnified by The Sovereign General Insurance Company.

All benefit amounts shall be inclusive of taxes.

Dealer Benefits

Vehicles which are stolen from the dealer's inventory after being identified with SecureDrive Anti-Theft warning stickers and panel marking stencils may qualify for a theft benefit. The benefit amount available is based upon the lesser of five thousand dollars (\$5,000) or the amount of the dealer's insurance provider's deductible applicable for the vehicle theft claim.

The lot insurance deductible benefit is available if all of the following "post-theft" criteria are met:

- A police report must be filed within 3 days of the vehicle theft;
- The dealer must notify the Administrator of the theft within 30 days of occurrence;
- The dealer has a current lot insurance agreement/policy in place with a Canadian chartered insurance company;
- The vehicle is stolen from the lot of an issuing SecureDrive Anti-Theft dealer that has achieved at least 50% SecureDrive Anti-Theft sales penetration against retail vehicle sales for the 2 months preceding the month in which the vehicle was stolen; and
- The stolen vehicle is not recovered within 30 days from the date of theft, or the stolen vehicle is recovered but declared a total loss by the dealer's lot insurance provider.

Dealer Inventory Coverage

Every dealer that sells SecureDrive Anti-Theft coverage has the option of protecting their inventory against theft. This benefit is provided to every selling dealer provided the following requirements are met:

- The dealer's entire inventory is identified with SecureDrive Anti-Theft panel etch and affixed with window warning stickers.
- Once SecureDrive Anti-Theft is applied to a vehicle, the Dealer is required to register the vehicle with the administrator within 48 hours of product application by using the SecureDrive Anti-Theft lot protection registration form (or the on-line registration option).
- The dealer remits the appropriate amount for each SecureDrive Anti-Theft agreement/policy sold.

Vehicles which are stolen from the dealer's inventory after being identified with SecureDrive Anti-Theft stencils and warning stickers may qualify for a theft benefit. The benefit amount available is based upon the lesser of five thousand dollars (\$5,000) or the amount of the dealer's lot insurance deductible applied for the loss by its insurance provider.

The lot insurance deductible benefit is available if all of the following criteria are met at the time of vehicle theft:

1. A police report must be filed within 3 days of the vehicle theft.
2. The dealer must notify the Administrator of the theft within 30 days of occurrence.
3. The theft occurred at least 30 days after the date that the dealer signed the SecureDrive Anti-Theft Dealer Agreement.
4. The dealer has a current lot insurance agreement/policy in place.
5. The Administrator has previously received (within 48 hours of SecureDrive Anti-Theft product application) a lot protection registration form from the Issuing Dealer which identifies the vehicle that has been stolen.
6. The vehicle is stolen from the lot of an Issuing SecureDrive Anti-Theft dealer that has achieved at least 50% SecureDrive Anti-Theft sales penetration against retail vehicle sales for the 2 months preceding the month in which the vehicle was stolen.
7. The stolen vehicle is not recovered within 30 days from the date of theft, or the stolen vehicle is recovered but declared a total loss by the dealer's lot insurance provider.

E-Contracting

SecureDrive Anti-Theft contracts/policies can be sold via an online software solution called the Digital Resource Centre (DRC). SecureDrive Anti-Theft can be accessed via a secure online portal at www.lgm.ca.

To get started with DRC please contact LGM at 1.800.510.8372 and they will provide you with access.

The DRC 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)

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

SecureDrive Anti-Theft Calculator

The new retail calculator found on the DRC (Digital Resource Centre) online portal enables dealers to easily prepare quotes for eligible vehicles to their customers. This easy to use calculator allows you to print out a quote for eligible new and pre-owned vehicles complete with the dealership name and the Finance Manager's contact information. The DRC is accessed online at www.lgm.ca.

Waiver Information

The SecureDrive Anti-Theft 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. The Waiver Form is accessible via the online sales portal. Upon completion of a customer quote, the Dealer has the option of printing a Waiver Form.

It is recommended that the SecureDrive Anti-Theft 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 Anti-Theft.

When used appropriately, this SecureDrive Anti-Theft 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 Anti-Theft 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 Anti-Theft to your customers.

Vehicle Eligibility

SecureDrive Anti-Theft coverage is available (without age restriction) for the following vehicles:

- Automobiles
- Travel Trailers (tent trailers are excluded)
- Motorized Recreation Vehicles (Motorhomes)
- 5th Wheel Campers (slide-out camper units are excluded)

Coverage Terms

- Multiple term options ranging from 24-84 months
- Coverage commences at contract purchase date

Exclusions

SecureDrive Anti-Theft does not provide for the following:

- a) For any loss or damage caused by misuse, abuse, negligence (including leaving the unit unlocked or with the keys in the unit while unattended by the owner), or giving temporary custody to any person who subsequently steals the unit (including, but not limited to, service repairmen, valet drivers etc.), or for any loss when the unit is stolen directly or indirectly by anyone who has a familial relationship with you and/or is not at arm's length with you.
- b) For any loss or damage to any modifications made to the unit from the original configuration as purchased from the manufacturer including, but not limited to, any custom or add-on part, oversized/undersized wheels or tires.
- c) For any liability for property damage, or for injury to or death of any person arising out of the operation, maintenance or use of the unit described in the agreement/policy, whether or not related to loss or damage to the unit. For loss of use, time, profit, inconvenience, or any other consequential loss of whatsoever nature that results from loss or damage to the unit, or any subsequent loss or damage that results directly or indirectly from the loss or damage to the unit.
- d) For any claim for Anti-Theft benefit that is not reported to the Police, customer's insurer and the administrator as required within sections a-c, inclusive, of the 'Initiating A Claim for Anti- Theft' section of the agreement/policy, or if the information provided by the customer cannot be verified as accurate.
- e) For any claim for Anti-Theft benefit that occurs when the unit is not insured for the peril of theft by a Canadian chartered insurer.
- f) For any claim for Anti-Theft benefit if the unit is not properly marked with the SecureDrive Anti-Theft permanent identification number to all body panels and installed with the SecureDrive Anti-Theft security sticker to at least the driver and passenger side windows of the unit.
- g) For any loss or damage if the unit has been repossessed or voluntarily surrendered.
- h) For any benefit not specifically covered in the Schedule of Coverage.
- i) For any loss or damage caused by collision, fire, theft (except as may be covered under the agreement/policy for Anti-Theft benefit), vandalism, riot, explosion, lightning, earthquake, freezing (unless otherwise covered within the Schedule of Coverage, and selected by the customer for the unit as shown on the registration page), rust or corrosion, windstorm, hail, water or floods, salt, or environmental damage.
- j) For any loss or damage if the unit is used for any of the following purposes: rental, police or emergency use, road repair operations, hauling, driving school, route work, vehicles used primarily off road, taxi or public hire, tourist guide, job site activity, courier or delivery, snow removal, construction, limousine or shuttle.

Transfers

SecureDrive Anti-Theft coverage is not transferrable to any subsequent owner of the vehicle.

Invoice Payment

Secure Drive Anti-Theft plans are sold exclusively via an online sales portal at www.lgmdrc.ca. Your dealership is required, on the last day of the month, to report all valid business for invoicing to the Administrator via the Digital Resource Center or the Administrator will generate them on your dealership's behalf. The Administrator shall prescribe the method and form of invoicing.

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 the suspension of your ability to sell any further anti-theft plans until such time as you have made payment in full.

Your dealership can make payment through the DRC 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 Sovereign General Insurance Co.; 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:

- Dealers in BC, Alberta, Saskatchewan, and Manitoba are required to remit GST
- Dealers in Ontario and Atlantic Canada provinces are required to remit HST
- Dealers 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.

Aboriginal Customers

Please note that tax regulations pertaining to sales of Secure products to Aboriginal 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.

Please 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.

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:

- c) 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
- d) The Lienholder who financed the warranty certificate has interest in the certificate and provides a written cancellation request due to the vehicle being repossessed or written off to the Administrator.

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. In the event your dealership requires the certificate to be cancellable by the customer at any time during its term to comply with specific Lienholder requirements, your dealership will be provided cancellable contracts/policies via the online Digital Resource Centre. Please contact your LGM Dealer Development Manager to be set up with cancellable warranty certificates.

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.

To initiate a cancellation, the original contract/policy holder must complete the Cancellation Request Form at the Issuing Dealer. This form is available online at www.lgm.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, fax number 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 a) an administration fee of \$100 plus applicable taxes and b) 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 a) an administration fee of \$100 plus applicable taxes and b) 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.

Claims Assistance

Please call LGM's National Claims Centre at 1-866-363-1513 to initiate an Anti-Theft claim. You will be required to provide the following information:

1. Customer's agreement/policy number
2. Customer's name & address
3. Vehicle description - year, make & model
4. Vehicle serial number (VIN)
5. Police report number - must be filed within 3 days of date of loss
6. Loss report with the insurance provider - must be filed within 3 days of date of loss
7. Contact the Administrator to report loss within 30 days of date of loss
8. All Anti-Theft benefit claims must be submitted with all documentation for the claim within 60 days from date of loss. Failure to do so will result in denial of the claim for the Anti-Theft benefit.

SECUREDRIVE™
Loan Protection



Welcome to SecureDrive Loan Protection

Thank you for choosing to add the SecureDrive Loan Protection group credit insurance program to your sales presentation. Designed to have both real-world benefit to your customers and a financial benefit to your dealership, SecureDrive Loan Protection is the perfect addition to your Business Office. This sales guide will provide you with an overview of the SecureDrive Loan Protection product in order to help you communicate its benefits to prospective customers and sales related information to help you close business. When armed with the right information, SecureDrive Loan Protection will be a simple and natural fit to your sales presentation.

What is SecureDrive Loan Protection?

SecureDrive Loan Protection is a life, critical illness, disability, and loss of employment group creditor insurance product designed to protect your customers from the impact of an unforeseen life event for a specific financial obligation. Should the insured die, suffer a covered critical illness such as a heart attack or a stroke, or even be diagnosed with life threatening cancer, SecureDrive Loan Protection will be there to pay the remaining balance of their loan. If the insured becomes medically disabled, or experiences involuntary loss of employment, SecureDrive Loan Protection will make the monthly payments for them until they get back on their feet.

Easily integrated into the price of your customer's monthly loan payment, SecureDrive Loan Protection is designed to accommodate both financed and leased vehicle purchases. Its flexible levels of coverage allow SecureDrive Loan Protection to be custom tailored to meet the unique needs of any prospective customer. SecureDrive Loan Protection is also a "group plan", making it applicable to a wide range of customer ages so that most individuals qualify without the need for a medical examination. With SecureDrive Loan Protection on board, your customers will have peace of mind knowing that many of life's critical challenges will not jeopardize their credit rating or take their asset away from them or their family. SecureDrive Loan Protection is available for any vehicle make and model.

The Underwriter

SecureDrive Loan Protection is underwritten by Co-operators Life Insurance Company. Founded in 1945, Co-operators has grown to a leading Canadian-owned insurance and financial services organization currently servicing over 2 million customers with managed assets exceeding \$42 billion. With over 5,000 staff members, and more than 600 retail outlets, Co-operators is a name built on trust with an "A-/Excellent" rating by A.M. Best. For more information about Co-operators, visit www.cooperators.ca

SecureDrive Loan Protection Features

Customer Oriented Features:

General

- Life, Life and Critical Illness, Life and Loss of Employment, and Disability options available;
- Fully insured by Co-operators Life Insurance Company;
- Debtor only, Co-debtor only or Joint coverage options available;
- Administered in Canada (bilingual service);
- Medical questionnaire only necessary for:
 - Applicants aged over 65;
 - Applicants financing \$100,000+

Life

- Eligibility
 - Issue Ages 18 through 59: loans up to \$500,000; and
 - Issue Ages 60 through 71: loans up to \$200,000.
- Accelerated death benefit – if medically diagnosed as terminally ill, the life insurance benefit is paid immediately. (See Accelerated Death Benefit section for more information); and
- Only 6 month pre-existing condition clause for Life insurance coverage.

Critical Illness & Life

- Critical Illness Coverage (available with the purchase of Life coverage) includes:
 - Heart Attack;
 - Stroke; and
 - Life Threatening Cancer.
- Eligibility
 - Issue Ages 18 through 59: loans up to \$500,000; and
 - Issue Ages 60 through 71: loans up to \$200,000.
 - Critical illness must be purchased in conjunction with Life.
- Only 12 month pre-existing condition clause for Critical Illness insurance coverage. For Critical Illness claims, Pre-existing Conditions are investigated if the claim occurs within the first 24 months after the effective date of insurance.*

Loss of Employment and Life

- Eligibility
 - Issue Ages 18 through 65; loans up to \$4500 per month.
 - Loss of Employment must be purchased in conjunction with Life.
- Only choice of waiting period – 60 day non retro

Disability

- Eligibility
 - Issue Ages 18 through 65: loans up to \$4,500 per month.
- Choice of 6 waiting periods – 14 day retro, 30 day retro, 60 day retro, 14 day non retro, 30 day non-retro, 60 day non-retro;
- Only 6 month pre-existing condition clause for Disability coverage.

Dealer Oriented Features:

- Built-in “Waiver of Coverage” in Enrolment Form;
- Online rate calculator at www.lgm.ca;
- Net monthly remittance of premiums – simply send in the net dealer cost to insurer;
- Administered in Canada (English and French);
- Competitive rates and dealer compensation;
- Flexible commission plans; and

- No chargeback provision on all cancellations after 30 days (for financed amounts less than \$100,000). Certain in-house lease or finance arrangements are subject to lifetime chargeback.

* Please see your Dealer Agreement for complete details.

Debtor & Co-Debtor Coverage Options

Debtor Only coverage provides protection to the primary debtor of the amount being financed. If there is a co-debtor and 'Debtor Only' is selected, there is no coverage offered for the co-debtor.

Co-Debtor Only coverage provides protection for the co-debtor only for the amount being financed. In this case, the primary debtor would not be covered.

Joint coverage provides protection for both the primary debtor and the co-debtor for the amount being financed. It should be noted that because coverage is being applied to a specific loan, only one life benefit is paid out even if both parties were to die.

Life & Critical Illness Options

Decreasing Term

By virtue of its name, this option provides a decreasing benefit. As the outstanding balance of the loan decreases, the benefit amount also decreases (benefit = outstanding balance due at time of claim). The reason it declines is that the customer is making monthly payments which reduces the outstanding loan balance each month. Decreasing term life or critical illness will pay out the remaining principal debt in the event of a claim.

Residual Value

Life Residual Value provides protection for which the amount of coverage remains constant over the term of the certificate, such as with balloon payments or residual values. These amounts remain constant throughout the coverage term – they will not decrease. Many leases have a residual value which is why this option is made available.

Disability Options

14, 30 or 60 Day Retroactive

Coverage provides for benefits from the first day of disability and is paid retroactive to the date of disability. The insured must be fully disabled during the chosen waiting period (14, 30 or 60 days as selected on the certificate), after which, the monthly payments shall be paid during the disability period. The amount paid shall be retroactive to the date of disability.

14, 30 or 60 Day Non-Retroactive

Coverage provides for benefits to be made payable following a waiting period of 14, 30 or 60 days from the date of disability. The coverage shall commence following the first 14, 30 or 60 days of disability. The payments due during the first 14, 30 or 60 days shall be the responsibility of the debtor.

The customer may be within the issue age set out in the coverage summary to be eligible to enroll for coverage. Life and Critical Illness coverage will terminate on his/her 72nd birthday. Total Disability coverage will terminate on his/her 68th birthday.

Accelerated Death Benefit

The Accelerated Death Benefit is a major advantage of the SecureDrive Loan Protection product and a strong selling feature. For most life insurance contracts, life benefits are only paid when the covered party dies. With the SecureDrive Loan Protection Life Insurance program, life benefits are paid immediately if the covered party is diagnosed as terminally ill with less than one year to live. With SecureDrive Loan Protection's accelerated death benefit, the covered party has the peace of mind of knowing that they can plan their estate themselves without having to worry about their insured financial obligation. In some cases, the accelerated death benefit can in a way extend the term of coverage as illustrated by the scenario below.

Example Scenario

Date of terminal illness diagnosis: January 1st, 2010

Date of contract termination: March 1st, 2010

Date of death: November 1st, 2010

With the accelerated death benefit, the insured party would be paid the full balance of their loan in January upon diagnosis of terminal illness (subject to a complete and approved claim). Even though their death took place 8 months after their life insurance contract expired, they would still be covered.

Health Questions

A health questionnaire must be completed for:

1. Applicants applying for life or life and critical illness coverage that are older than 65 years of age on the date they complete, date and sign the application to enroll; and/or,
2. Applicants of any age applying to cover a loan equal to or greater than \$100,000.

Using the Health Questionnaire

If an applicant fits the criteria above, a health questionnaire must be completed and submitted to Co-operators Life Insurance Company. The health questionnaire consists of two sections; general health related questions to life and disability, and a critical illness related health questions. If the applicant answers "No" to all of the questions, they are eligible for coverage and no additional questions must be answered. If answer "Yes" to any of the life, disability or critical illness health questions, the applicant will be contacted for additional medical information via telephone within an average of three (3) business days of receipt of the fully completed insurance enrolment.

The Importance of Disclosure: A Good Business Practice

Successful Business Offices recognize the importance and value of disclosure when selling group credit insurance to their customers. The group credit insurance certificate itself discloses all the legal terms and conditions for insurance coverage. However, many Business Offices have implemented the good business practice of disclosing certain key sections of the insurance certificate within their sales process.

In all Provinces (except Quebec) you will be required to provide a Product Guide to each customer at the point of sale. The Product Guide provides industry driven guidelines designed to protect the interests of Debtors by promoting consistent practices for insurers and by providing operating and disclosure standards for the transaction of Group Creditor Insurance, in plain language. The Product Guide is available in hard copy from your LGM representative.

In the Province of Quebec, the Business Office is legislated to provide each customer with a Distribution Guide when discussing the sale of insurance. The Distribution Guide is available in hard copy from your LGM representative.

In an effort to increase customer awareness, sections such as the **Pre-existing Condition Clause** and **Eligibility Requirements for Coverage** are topics of discussion for many Business Managers prior to making a sale. These discussions are often viewed by the customer as “added value” to their buying experience. Disclosure also provides the dealership with additional protection against potential consumer misunderstanding and buyer’s remorse.

Insurance Topics to be Covered Prior to Time of Purchase

1. Pre-existing Condition Clause and Incontestability.
2. Eligibility Requirements for Insurance Coverage.

Pre-existing Condition Clause

Pre-existing Conditions for Life & Disability claims are investigated if the claim occurs within the first 6 months after the effective date of insurance. For Critical Illness claims, Pre-existing Conditions are investigated if the claim occurs within the first 24 months after the effective date of insurance. To determine if a pre-existing condition is relevant to the claim, the insurer will compare cause of claim to medical history for the 6 months immediately prior to effective date of insurance for Life and Disability and 12 months immediately prior to the effective date of insurance for Critical Illness.

Example Scenarios

Application of the Pre-existing Condition Clause & Incontestability

Example 01: Disability Insurance

Date of Loan: January 1, 2010

Date of Disability: March 10, 2010

Cause of Disability: Diabetes

The Pre-Existing Condition period is July, 2009 to January 1, 2010 (6 months prior to when the loan was advanced).

The debtor was seen by his physician on a monthly basis in order to have his blood sugars checked as he has suffered from diabetes for the past 2 years. During a monthly visit on August 10, 2009 the debtor’s medication was adjusted due to increased blood sugars. On September 7, 2009 the debtor was referred to a specialist due to uncontrolled blood sugars. The debtor was seen by the specialist on October 15, 2009 and medications were adjusted. On January 1, 2010, the debtor applied for a loan to cover the purchase of a vehicle and was sold SecureDrive Loan Protection disability insurance coverage. On March 10, 2010, the debtor submitted a claim for disability benefits due to Diabetes.

This claim would be denied as a result of the Pre-existing Condition Clause based on the debtor's doctor's office visits of August 10, 2009, September 7, 2009 and October 15, 2009. The debtor was advised and treated for his diabetes, the condition he is currently claiming for, during the 6 months preceding the loan date.

Example 02: Life Insurance

Date of Loan: January 1, 2010

Date of Death: May 10, 2010

Cause of Death: Heart Attack

The Pre-Existing Condition period is July 1, 2009 to January 1, 2010.

The debtor went to a Hospital Emergency Department with chest pain on July 25, 2009. He then underwent a stress test on July 30, 2009 and was unable to complete the test due to increased chest pain and arrhythmia on exertion. The debtor was given nitroglycerin and advised to take one aspirin daily. On January 1, 2010, the debtor applied for a loan to cover the purchase of a vehicle and was sold SecureDrive Loan Protection Life insurance coverage. The debtor then died of a heart attack secondary to arrhythmia on May 10, 2010. This claim would be denied as a result of the Pre-existing Condition Clause based on the hospital visit of July 25, 2009, the test of July 30, 2009 and the prescribed medications. The debtor was advised and treated for arrhythmia during the 6 months preceding the loan date.

Example 03: Critical Illness Insurance

Note: Unlike Disability insurance coverage and Life insurance coverage where claims incurred within 6 months of the loan effective date result in a pre-existing condition investigation, Critical Illness claims will be investigated if they occur within **24 months** of the date the loan becomes effective. If an investigation takes place, the insurer will compare the cause of the claim to the debtor's medical history for the 12 months immediately prior to the effective date of insurance.

Date of Loan: January 1, 2010

Date of Diagnosis of Critical Illness: August 15, 2011

Diagnosis: Malignant brain cancer with metastasis to the lungs

The Pre-Existing Condition period is January 1, 2009 to January 1, 2010.

The debtor was seen by his physician on November 10, 2009 with dizziness and was diagnosed with vertigo by his physician. The debtor continued to experience dizziness with vomiting and headaches. He was seen again by his physician on December 7, 2009 and at this time the physician referred the debtor to a specialist. On January 1, 2010, the debtor applied for a loan to cover the purchase of a vehicle and was sold SecureDrive Loan Protection Life/Critical Illness insurance coverage. The debtor met with the specialist on January 10, 2010 and further testing revealed that he had brain cancer. The cancer was thought to be operable and was treated surgically. Metastasis to the lungs was diagnosed August 15, 2011.

Although the diagnosis was not made until January 10, 2010 and the Critical Illness claim is not effective until August 15, 2011, this claim would be declined under the Critical Illness Contract as the debtor was treated for symptoms of the brain cancer on November 10, 2009 and December 7, 2009.

Example 04: Loss of Employment Insurance

Note: Loss of Employment offers a 9 month cumulative benefit in the event of involuntary loss of employment.

Date of Loan: January 1, 2009

Date of Loss of Employment: April 1, 2010

Date of Reemployment: December 1, 2011

Date of Loss of Employment: June 1, 2012

Payments Ended: November 1, 2012

The debtor experienced involuntary unemployment on April 1, 2010. As the debtor's loan protection insurance contained a 60-day non-retro elimination period, after 60 days of being unemployed, the debtor started to have loan repayments covered by loan protection. On December 1, 2011 the debtor was reemployed and loan protection repayments ended. The debtor then experienced loss of employment again on June 1, 2012, as the debtor had been employed for over 12 months they started to receive loan repayments 60 days after the date of loss of employment, the Loss of Employment insurance coverage then ended 3 months later.

As the debtor received a total of 9 months cumulative benefit, the Loss of Employment insurance coverage ended on November 01, 2012.

Eligibility Requirements

Life and Critical Illness Insurance:

- Eligibility to enrol: Ages 18 - 71 inclusive;
- Maximum benefit amount – Ages 18 - 59: \$500,000;
- Maximum benefit amount – Ages 60 and over: \$200,000; and
- Maximum loan and coverage term - 120 months.

Ask the question: "Have you ever been paid or are in the process of claiming a Critical illness benefit from Co-operators Life Insurance Company?" If yes, they are not eligible and the benefit should not be offered.

Disability Insurance:

- Eligibility to enrol: Ages 18 - 65 inclusive;
- Maximum monthly benefit amount – \$4,500 (to a maximum of \$500,000);
- Maximum loan and coverage term - 120 months.

Ask the question: "Have you been working at least 20 hours per week for each of the two consecutive weeks immediately preceding the Effective Date of Insurance?" If no, they are still eligible and the benefit may be offered.

Employment Eligibility Requirement for Disability Coverage

The applicant is eligible to enrol for disability insurance whether or not, as of the "Effective Date of Insurance" shown on your insurance enrolment, you are **Actively at Work**.

For this requirement:

- **Actively at work** means applicant is working at any occupation for pay and were capable of carrying out the substantial and material duties of that occupation for at least 20 hours per week for each of two consecutive weeks

NOTE: If applicant enrolls for disability insurance coverage but is not Actively At Work as of the "Effective Date of Insurance" shown on the insurance enrolment, the applicant will only be eligible to claim disability insurance benefits once he/she has returned to work and has been Actively at Work as explained above.

Life and Loss of Employment Insurance:

- All Life Eligibility Requirements met
- Eligibility to enrol: Ages 18 - 65 inclusive;
- Maximum monthly benefit amount – \$4,500 (to a maximum of \$500,000);

- The debtor must be employed and have been continuously working at occupation for a minimum of 20 hours per week for 12 consecutive months; and
- The debtor must not have personally received formal or informal notice of the impending loss of your employment.
- Maximum benefit period is 9 months cumulative

Ask the question: “Have you been working at least 20 hours per week for 12 consecutive months immediately preceding the Effective Date of Insurance? If no, they are not eligible and the benefit cannot be offered.

Exclusions

Exclusions to All Benefits

We will not pay a claim or refund the single premium if your death or Critical Illness or Total Disability is in any way related to a pre-existing condition. No benefits will be payable if the claim results directly or indirectly from or is in any way related to:

- War, whether declared or not, or an act of war, terrorism or insurrection;
- Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex (ARC), or Acquired Human Immunodeficiency (HIV), if any of these conditions first manifested itself prior to the Effective Date of Insurance;
- Direct or indirect participation in a criminal act, or any attempt to commit a criminal offense, including but not limited to operating a motor vehicle while the concentration of alcohol exceeds the legal limit in the province of the occurrence;
- Alcohol or drugs other than as legally prescribed by a Physician;
- Travel in or descent from a non-scheduled aircraft;
- Self Destruction, attempted Self Destruction, or any self-inflicted injury, whether You are sane or insane;
- Cosmetic or elective surgery, complications arising there from, whether the surgery or complications occurred prior to, or after, the Effective Date of Insurance; and
- Death, illness or injury arising from a communicable disease (or complications thereof) contracted during an outbreak of such communicable disease recognized as an Epidemic or Pandemic by the World Health Organization.

Exclusions to Specific Benefits

Exclusion – Total Disability

The Monthly Disability Benefit will not be paid for Total Disability caused or contributed to by childbirth, abortion, miscarriage, or pregnancy, whether existing on the Effective Date of Insurance or developing subsequently.

Exclusion – Critical Illness Benefit and Life Insurance Accelerated Death Benefit

Neither the Critical Illness benefit nor the Accelerated Death Benefit will be paid in the event of a Diagnosis of Cancer resulting from any medical investigation initiated:

- Within ninety (90) days following the Effective Date of Insurance; or
- As a result of any signs or symptoms which was first Manifest within ninety (90) days following the Effective Date of Insurance.

In the event of such a Diagnosis, the insurance coverage for Critical Illness under this Certificate of Insurance will be terminated and any premium paid for the Critical Illness coverage refunded. Further, we do not pay the Critical Illness benefit for a Diagnosis, illness or bodily infirmity which is not specifically

within the definition of Cancer, Heart Attack or Stroke or which is specifically listed as an exclusion from one or more such definitions.

Exclusion – Loss of Employment Insurance

Labour Dispute or Lockout

NOTE: We will not pay loss of employment insurance benefits if involuntary loss of employment is caused by a labour dispute or lockout.

For the purposes of this exclusion:

- **Labour dispute** means a voluntary and simultaneous work stoppage or disruption of work by a group of employees, of which you are a part, acting together against one or more employers in an industry or territory.
- **Lockout** means the action of employer in temporarily closing place of employment, without terminating employment, as a result of a labour dispute.

Loss of Employment within 60 Days

NOTE: We will not pay loss of employment insurance benefits if involuntary loss of employment begins within 60 days of the “Effective Date of Insurance” shown on your insurance enrolment.

If this happens:

- a) may cancel loss of employment insurance within 30 days of the effective date of involuntary loss of employment and receive a full refund of all premiums paid; or
- b) may continue to pay premiums and keep loss of employment insurance in force for the future. This means that the applicant is once again eligible to claim loss of employment insurance benefits when re employed for a minimum of 20 hours per week for 12 consecutive months.

General Exclusions – Loss of Employment Insurance

We will not pay loss of employment insurance benefits if:

- a) resignation, retire or voluntarily surrender your employment;
- b) employment is terminated as a result of your intoxication, drug abuse, dishonesty, fraud, conflict of interest, refusal to carry out duties or willful or criminal misconduct;
- c) become unemployed as a result of being self-employed, a seasonal employee or an elected government official; or
- d) become unemployed as a result of the expiration of a specific contract of employment.

Invoice Payment

Dealerships are required, on the last day of the month, to report all valid business for invoicing to the Administrator via the sales portal or the Administrator will generate them on your dealership's behalf. The Administrator shall prescribe the method and form of invoicing.

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 dealership.

Your dealership can make payment through the DRC 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 calculating remittances, please note the following taxation regulations:

1. Dealers in Quebec are required to remit applicable QST.
2. Dealers based in Ontario are required to remit applicable RST.
3. Dealers in all other provinces are not required to remit taxes.

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

When submitting payment, please ensure that you attach the following:

1. Administrator's copy of the Enrolment Form (or certificate of insurance) if paper remitted
2. Health questionnaire, if required
3. Cancellation invoices provided to you by the Administrator
4. Cheque made payable to **Co-operators Life Insurance Company**
5. Invoices generated by the online sales portal or completed Loan Protection Remittance Sheet (if paper remitted).

Copies of the Remittance Sheet are available online at www.lgm.ca. Please submit to:

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

Please 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.

Refunds/Cancellations

Customer Cancellation Contract:

If a certificate is cancelled within thirty (30) days from signing the certificate of insurance, a full refund of premium will be paid and will not be subject to any administrative fee. Any cancellations initiated after the thirty day (30) period will be charged a one hundred dollar (\$100) administrative fee (where permitted by law) which will be deducted from their refund. All calculations are based on the "Rule of 78" unless otherwise specified by franchised Dealer lender.

If a customer initiates a cancellation within the first thirty (30) days (for amounts financed that are \$100,000 or less) the dealer is required to refund their compensation (known as a chargeback) to the Administrator (certain in-house lease or finance arrangements are subject to lifetime chargeback. Please see your dealer agreement for complete details). A letter detailing the chargeback will be submitted to the dealer by the Administrator. Please do not deduct anticipated refunds from future remittances unless you have made an arrangement with the Administrator.

To initiate a cancellation, the customer must complete a cancellation request form, which is then to be submitted to the Administrator.

Should a customer wish to cancel because of a loan payout, sufficient proof of payout from the lienholder is required in order for the unearned premium refund to be paid directly to the insured. Please note that a copy of the cheque, or the receipt for that cheque, is insufficient proof. We are obliged by the finance institutions to require a letter originating from the debtor's finance source, providing details of the loan for cross-reference purposes, and stating the date the loan was paid out.

Please note: Copies of the Cancellation Forms are available online at: www.lgm.ca.

Claims

SecureDrive Loan Protection offers a convenient, consumer friendly and fully bilingual claims filing service. To initiate a claim, please call 1-866-287-6217 and one of our representatives will be glad to assist. The insured debtor/co-debtor will be provided with instructions, all necessary forms and a postage-paid, addressed envelope to provide written proof of loss or claim to us.

Written proof of loss or any claim must be submitted within 365 days of the date of death, and ninety (90) days for diagnosis of a terminal illness, diagnosis of a critical illness, total disability, and for loss of employment. If the claim is not provided to us within ninety (90) days, at our sole discretion, we may extend the time permitted to submit proof of loss or claim if we are satisfied that it was not reasonably possible to provide the proof of loss or claim before the date it was actually provided to us. In any event, we will not pay any benefit for any period of total disability which occurred more than six (6) months prior to the actual date we received the proof of loss or claim. The claim will be settled after receiving satisfactory proof of loss or claim. Note: All claims are reviewed and adjudicated by the underwriter.

Privacy of Information

Lions Gate Marketing and LGM are both committed to ensuring the privacy of the information that you share with us. We only share information that you share with us in order to conduct our business with you and your customers.

We do not share this information with any party other than those needed in order to directly conduct our business. Examples of whom we may share your information with include: our Underwriters, the Lienholder, the Insured and other parties retained by LGM to administer the business or to process claims.

Your customers are assured of our commitment to privacy in both the contract/policy wording, along with our welcome letter which outlines the following privacy contract/policy:

The Sovereign General Insurance Company (the Insurer) and LGM (the Administrator), collectively referred to as We, Us, or Our, are committed to protecting the privacy, confidentiality, accuracy and security of the personal information that We collect, use, retain and disclose in the course of conducting business.

Building Relationships with You – To build a lasting relationship with you, and to provide you with requested products, services and advice, We need certain information. The information We gather about you varies, depending on your desired product or service. “Personal information” is information – oral, electronic or written – about an identifiable individual, including (but not limited to):

- name, address, email & telephone number
- identification numbers
- age
- lienholder information

Using Your Personal Information – As part of our relationship with you, we may collect, use and disclose your personal information to:

- identify you
- confirm your application information and assess your eligibility for products and services
- understand your needs
- investigate and settle your claims, and determine your eligibility for benefits
- provide information that may be of interest to you
- meet regulatory requirements
- provide you with ongoing services, establish and maintain communication, and to respond to your inquiries

We may collect, use and disclose your information with other insurers, insurance reporting agencies, credit bureaus, and/or any other person, corporation, firm or enterprise. This would only be done as reasonably required for the purposes stated above.

Before using your information for any purpose other than those listed above, We will explain the purpose and obtain your consent. We do not sell client lists nor do We collect, use or disclose your personal information without your consent, except where authorized by law.

Except as otherwise stated in this brochure, We will not use your personal information to offer other products or services from Us, from any companies affiliated with Us or from any of Our business partners.

Your Rights

You have the right to access your personal information and request changes if required. It is also your legal right to deny Us the use or disclosure of your information for certain purposes, or to choose not to provide Us with some or all of your personal information. Please note however, that We only collect information that is necessary to determine your eligibility for coverage, process your business and handle your claims. Therefore, should you exercise this right and refuse to provide the required information, We will not be able to provide you with the requested products or services. By providing your consent for Us to collect, use and disclose your personal information, We can better provide you with services and products, information and counsel.

Once We have issued a contract or contract/policy to you, you may not withdraw your consent. This is necessary since We may be required to use your personal information in the normal course of handling your business, past and present. For example, We may need to contact you in the event of a claim.

Our Commitment to You

Maintaining the security of your personal information is a top priority. Only authorized personnel have access to your information. Our systems and procedures are designed to prevent the loss, misuse, unauthorized access, disclosure, alteration, and destruction of your information. We will only retain your information for as long as required for the purposes for which it was collected and/or any legal or regulatory requirements.

Privacy Questions, Comments or Requests?

If you have any questions, comments, concerns or requests pertaining to Our privacy contract/policy – please feel free to:

- Contact the Administrator at 1-866-287-6218 or privacyofficer@lgm.ca
- Visit www.lgm.ca/privacy for additional information on how the Administrator collects uses and discloses personal information.
- Contact the Insurer at:
The Sovereign General Insurance Company Privacy Officer
#140, 6700 Macleod Trail SE, Calgary, Alberta T2H 0L3
Telephone: 1-888-887-7773
Email: privacy@sovgen.com

Note: For Quebec Residents: If a conflict arises between Federal and Quebec privacy legislation for events occurring in the province of Quebec, then Quebec privacy legislation shall prevail.

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www.securedrive.ca