



PROTECTION PLANS

SELLING DEALER GUIDE

Replacement Insurance

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Contact Us

Consumer Website: www.hyundaicanada.com

Dealer Website: hyundai.lgm.ca

Each selling dealer will have a unique login profile to the LGM HUB to gain access to dealer-only materials such as Sales Tools.

For Hyundai Extended Protection and H-Promise:

Hyundai Warranty Department

Phone: 1-800-461-0058

Hours: Monday – Friday from 8:30am – 5:00pm EST

Mailing Address:

Hyundai Auto Canada Corp.

75 Frontenac Drive,

Markham, ON, L3R 6H2

For Hyundai Appearance Protection, Loan Protection, Replacement Insurance, and VLPP:

LGM Financial Services Inc. (Administrator, Sales & Support)

Claims:

Phone: 1-844-798-6180

Email: HyundaiProtectionClaims@lgm.ca

Hours: Monday – Friday from 7:30am - 7:30pm EST

Saturday from 9am - 6pm EST

Sales & Customer Service:

Phone: 1-800-510-8372

Fax: 1-800-510-7605

Email: service@lgm.ca

Hours: Monday – Friday from 7:30am - 7:30pm EST

Saturday from 9am - 6pm EST

Accounts Receivable:

Email: ar@lgm.ca

Vancouver Office

1021 West Hastings Street, Suite 400

Vancouver, BC V6E 0C3

Oakville Office

2010 Winston Park Drive, Suite 300

Oakville, ON L6H 5R7

Montreal Office

1111 Dr. Frederik-Philips Blvd., Suite 450

St. Laurent, QC H4M 2X6

The Hyundai Replacement Insurance Selling Dealer Guide includes policies and procedures for distributors.

General Provisions

All Hyundai Dealers shall be governed by the following program requirements:

- a) **License:** Hyundai Dealers shall procure and maintain in good standing all licenses required under applicable law to conduct sales of Hyundai Protection Plan products.
- b) **Laws and Regulations:** Hyundai Dealers shall familiarize themselves with all provincial or territorial laws and regulations applicable to the sale of Hyundai Protection Plan products and shall conduct its business in compliance therewith.
- c) **Rules of the Administrator:** Hyundai Dealers shall adhere to all rules, requirements and procedures of Hyundai Auto Canada Corp. ("HACC") and the Administrator contained within this Selling Dealer Guide.
- d) **No Authority to Bind:** Hyundai Dealers shall have no authority to bind HACC or the Administrator except as provided for in this Selling Dealer Guide, including any authority to make any changes or representations to customers outside of the terms and conditions of any of the Hyundai Protection Plan products.
- e) **Illegal and Unfair Practices:** Hyundai Dealers shall not rebate prices or engage in discrimination, misrepresentation or any unfair trade practice or other practice prohibited by applicable law.
- f) **Property and Supplies:** Hyundai Dealers shall maintain in a secure and safe place and, upon request, shall account for, all vehicle service contract registrations, insurance policy documents, brochures, guides, rates, and other property received from HACC or the Administrator.
- g) **Modification of Forms:** Hyundai Dealers shall not modify, waive, alter or change, whether orally or in writing, any of the terms of the vehicle service contract or insurance policy documents.
- h) **Expenses:** Hyundai Dealers shall not incur any expense on behalf of HACC or the Administrator without their prior written consent.
- i) **Trust Funds:** Hyundai Dealers shall hold in trust and consider as fiduciary funds any funds received from their customers on behalf of HACC and shall promptly remit such funds to the Administrator and not convert same to its own use.
- j) **Legal Notices:** Hyundai Dealers shall notify HACC and the Administrator of its receipt of legal notices or service or process affecting HACC or the Administrator relating to any vehicle service contract or insurance policy and shall immediately forward same to HACC and the Administrator.
- k) **Advertising:** Hyundai Dealers shall not publish, circulate or display any advertisements, circulars or other promotional materials related to HACC or the Administrator and Hyundai Protection Plan products unless the content thereof has received the prior written approval of HACC and the Administrator.
- l) **Inducement to Lapse or Claim:** While this Agreement is in force or at any time thereafter, Hyundai Dealers shall not induce the lapse, cancellation or termination, or induce any claim under any vehicle service contract or insurance policy.
- m) **Updates:** This Selling Dealer Guide is subject to revision and update from time to time and any changes shall be adapted with immediate effect.
- n) **Audit:** Hyundai Dealers shall grant HACC or the Administrator and their representatives the right of free access during normal business hours at the Hyundai Dealer's Business Office or accounting office for the purpose of inspecting the books and records maintained by the Hyundai Dealer with respect to the Hyundai Protection Plan products.
- o) **Claims:** Hyundai Dealers shall have no authority to settle or pay claims unless agreed to in writing by the Administrator.
- p) **Sales Restriction:** Hyundai Dealers shall only sell vehicle service contracts or insurance policies on their Dealer's own vehicle inventory at the time of the vehicle sale to the customer, unless otherwise agreed to as per this Selling Dealer Guide.
- q) **Indemnification:** Each party (meaning HACC, LGM Financial Services Inc., and the Hyundai Dealer) shall indemnify, defend and hold harmless the other party(ies) from and against any and

all damages, claims, liabilities, judgments, awards, penalties, fines and expenses, including but not limited to legal fees and punitive or exemplary damages resulting from or arising out of:

- i. any act, error, or omission committed by the party (or in the case of indemnification by the Hyundai Dealer, committed by the Hyundai Dealer) and causing loss to a third party, except to the extent the party(ies) seeking indemnification also caused, contributed to or compounded the loss; and save and except for any incidental, indirect, special, or consequential damages arising out of or in connection with this Selling Dealer Guide, or
- ii. the failure by the party (or in the case of indemnification by a Hyundai Dealer, the failure of the Hyundai Dealer) to comply with any law, regulation, rule or governmental directive of the jurisdiction in which this Selling Dealer Guide applies.

Survival of Covenants: The obligations of the parties to indemnify each other shall survive the termination of the Hyundai Protection Plans program until all business written has fully expired.

What is Replacement Insurance?

Replacement Insurance distributed by Hyundai is based on Quebec Automobile Insurance Policy Form (Q.P.F.) No. 5 – Complementary Insurance for Damage Caused to Insured Vehicle Form (Replacement Insurance), also known as Q.P.F. No. 5. It is an insurance product sold by Quebec dealers to residents of Quebec and enables you to increase your customers' satisfaction. Replacement insurance is designed to enable customers to protect themselves against the loss of their vehicle due to total loss or lower depreciation amounts that may be applied to their vehicle by their vehicle insurer.

Since replacement insurance is a product governed by the *Act respecting the distribution of financial products and services*, you must comply with certain requirements as a product distributor. This guide sets out the policies and procedures to be a product distributor.

Replacement Insurance is a complimentary product to other Hyundai products. It specifically allows for customers to be provided with a similar or like vehicle in case of total loss. It can be used when a:

- total loss (new, demonstration or used vehicle) occurs and customer must replace their covered vehicle
- partial loss occurs whenever repairs must be made to the vehicle by replacing unrepairable parts with new manufacturer's original parts (new or demonstration vehicles only)
- customer must pay a deductible to his/her primary insurer (total or partial)
- customer must lease (rent) a courtesy vehicle following a loss (total or partial)

REPLACEMENT INSURANCE IS UNDERWRITTEN BY THE SOVEREIGN GENERAL INSURANCE COMPANY, ADMINISTERED BY LGM FINANCIAL SERVICES INC. AND DISTRIBUTED BY DEALERS AUTHORIZED BY LGM FINANCIAL SERVICES, IN THE PROVINCE OF QUÉBEC.

Advantages for the Customer

- Switch primary insurers without losing coverage
- May purchase a higher priced model by paying the price difference
- Covered against increases in vehicle prices
- Price is determined at purchase for the entire duration of the contract
- Includes reimbursement of deductible up to the amount selected
- Includes coverage for a rental vehicle
- Receive an indemnity directly from the insurer for replacement of the vehicle
- Includes coverage for original equipment manufacturer's new parts (when they cannot be repaired) in the event of partial loss (new and demonstrator vehicles only)
- No kilometre limit
- Insurance contract can be cancelled by the insured for a full or partial refund (refer to cancellation table included within the contract)

Advantages for the Dealer (distributor)

- Increased profits
- Customer satisfaction
- Helps to retain customers if they come back to the dealership to purchase the replacement vehicle
- Included vehicle rental reduces service expenses if customer comes back to dealership for repairs
- Increased sales of parts and labour if customer comes back to dealership for repairs

- Insurance contract can be cancelled by the insured

Selling Guidelines

When selling Replacement Insurance, **before** the sale of the contract, the following must be explained to the customer:

- 1) **Summary** of *Quebec Automobile Insurance Policy Form (Q.P.F.) No. 5 – Replacement Insurance* must be provided to the customer. The Summary Guide explains what replacement insurance is, what to do in the case of a claim, and who to contact if there is a problem.
- 2) **Let's Talk Insurance Fact Sheet** (Fiche de Renseignement Parlons Assurance)
 - a. Informs customers of their rights
 - b. Customer must read.
 - c. If the amount of commission for the sale exceeds 30%, it must be disclosed.
 - d. Customer has the right to cancel Replacement Insurance within 30 days.
 - e. Confirm that the customer is not already covered under Q.E.F. No 43 (Change to Loss Payment Endorsement) and if not, that you mention this is a similar product. **You cannot discuss the differences between Q.E.F. No 43 and Q.P.F. No. 5.**

One Fact Sheet must be completed for each product. For example, if you are selling Loan Protection and Replacement Insurance, two sheets must be completed.

- 3) **Notice of Rescission of an Insurance Contract** notifying customer of their right to cancel the contract without penalty. Replacement Insurance provides the customer with 30 days to cancel.
- 4) Confirm that the vehicle is not intended for an excluded use

These documents are available on the Dealer Tools website and must be provided and completed **before** discussing Quebec Automobile Insurance Policy Form (Q.P.F.) No. 5 – Replacement Insurance

Levels of Coverage

Coverage levels depend on the:

- Amount of deductible to reimburse for total and/or partial loss
- Amount of coverage when a courtesy vehicle is required due to total or partial loss

Eligibility

Replacement Insurance quotes are valid for 30 days. Replacement Insurance must be sold within 90 days of the vehicle purchase date.

For customers to take advantage of Hyundai Replacement Insurance, customers:

- must reside in Quebec
- must hold a valid primary insurance policy (Q.P.F. No. 1) covering the vehicle

Replacement Insurance is available on all makes and models classified as either a new vehicle, demonstrator vehicle (treated as new) or a pre-owned vehicle. The program eligibility for each is as follows:

Eligible Vehicles

New Vehicles

'New Vehicle Rates' require vehicle to be within the current or one previous/future model year and less than 1,500's km at time of purchase. Terms available from 2-7 years.

Demonstrator Vehicles

Demonstrator vehicles are treated as new for 'New Vehicle Rates.' Requires vehicle to be within the current or one previous/future model year and less than 15,000 km's at time of purchase. Terms available from 2-7 years.

Used Vehicles

'Pre-Owned Vehicle Rates' are available for all makes and models within 10 model years and less than 140,000 km's. Terms are available from 2-7 years.

Deductible

Replacement Insurance will cover the primary insurance deductible for the chosen amount at time of purchase of the Q.P.F. No. 5 policy. Choices vary depending on the coverage:

Total Loss – \$250, \$500, or \$1000

Partial Loss - \$100, \$250, or \$500 per event

Not available for partial loss on used vehicles.

Courtesy Vehicles

Replacement Insurance will cover car rental for the chosen amount at time of purchase of the Q.P.F. No. 5 policy.

Total Loss – \$150, \$500, \$1000, or \$1500

Partial Loss - \$150, \$500, \$1000, or \$1500 per event

Expenses are reimbursed to a maximum of \$50 per day. Not available for partial loss on used vehicles.

Transfers

Replacement Insurance cannot be transferred to another vehicle once purchased.

Exclusions

The Q.P.F. No. 5 contract specifies the following exclusions:

- vehicles used for commercial purposes (some examples: plumber, electrician, delivery vehicles, snow removal vehicle, landscaping vehicle);
- utility vehicles whose gross vehicle weight is equal to or greater than 4,500 kg (10,000 lbs);
- vehicles used for public service purposes, including:
 - ambulances;
 - buses;
 - driving school vehicles;
 - funeral directors' vehicles;
 - government or municipal service vehicles, including police or fire department vehicles;
 - taxicabs
- equipment and accessories, as well as any other option added to the described vehicle by the named insured, if they do not appear in the purchase contract, long-term lease or contract of leasing
- Rebuilt, severely damaged vehicles
- Any makes/models above a certain price?? (Lambo, Bentley, etc.)

The following are also excluded under the insurance contract:

- any claim arising from a loss not covered by the primary insurance contract;
- any claim that the primary insurer refuses to indemnify for any reason whatsoever;
- any reduction in indemnity applied by the primary insurer for any reason whatsoever.
 - This means that if the primary insurer deems that they will only cover a certain percentage of the claim due to some other undisclosed circumstance (which led to a lower premium paid), replacement insurance will not cover this difference.

Please contact the Administrator at if you are uncertain if a vehicle qualifies.

Contract Amendments

Please refer the customer to the Administrator to make amendments to the policy.

Contract Cancellations

Hyundai Replacement Insurance coverage may only be cancelled by the original contract holder.

When a customer asks for their contract to be cancelled:

- Within the first 30 days,
 - They will receive a full refund
 - They must complete the Notice of Rescission form provided at time of contract purchase or available in Dealer Tools on the HUB.
- Past 30 days,
 - Complete the Notice of Rescission form available in the Sales Tools on the HUB
 - Cancellation refunds will be calculated based on the Cancellation Table included in the customers contract

E-Contracting

Replacement Insurance contracts are sold exclusively online at www.lgmhub.ca.

If you do not already have access, please contact the Administrator at 1-800-510-8372 or your local LGM Dealer Development Manager for assistance.

E-contracting provides you with these valuable benefits:

- No need to hand 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 the customer;
- Instant confirmation of coverage; and
- VIN decoding makes processing faster (auto-population).

Please note that your dealership is responsible for retaining a customer signed copy of each contract sold, which must be promptly provided to the Administrator upon request.

Invoicing & Payment

Hyundai Replacement Insurance plans are sold exclusively via an online sales portal at www.lgmhub.ca. Your Retailer is required, on the last day of the month, to report all valid business for invoicing to the Administrator via the LGM HUB or the Administrator will generate them on your Retailer'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 and amendments must be paid immediately upon receipt. Payment submitted later than this date may result in claim service delays to your customers.

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

When paying with a cheque, please ensure following:

- Cheque is made payable to Hyundai Auto Canada Corp.
- Invoices generated by the online sales portal.
- Cancellation invoices provided to you by the Administrator;

Please remit to:

Hyundai Auto Canada Corp.
1021 West Hastings Street, Suite 400
Vancouver, BC V6E 0C3

Or

Hyundai Auto Canada Corp.
1111 Dr. Frederik-Philips Blvd., Suite 450
St. Laurent, QC H4M 2X6

When calculating remittances, please note the following taxation regulations:

- Dealers in Quebec are required to remit QST and GST

Aboriginal Customers

Please note that tax regulations pertaining to sales of Hyundai Replacement Insurance 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.

IMPORTANT

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

Waiver Form

The Hyundai Protection Plans waiver form is provided as a suggested selling tool in the Business Office. It is recommended that your dealership seeks independent legal advice before adopting any waiver form in your dealership.

It is also recommended that the waiver form be used extensively or not at all in your dealership. Dealers may face liability issues if the waiver form is only used on select customers rather than for all customers that decline any of the Hyundai Protection Plans.

When used appropriately, this waiver form will add further credibility during your sales presentation in the Business Office. This waiver reminds the customer that they have been given the option to purchase Hyundai Protection Plan products following the manufacturer's limited warranty term 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 a dispute about whether Hyundai Protection Plans were offered to your customers.

The Hyundai Protection Plans waiver form is accessible via Sales Tools which can be accessed at www.lgmhub.ca.

Claims Assistance

If the customer informs you of a claim, contact the claims team at **1-844-798-6180**.

Total Loss of New or Demonstrator Vehicle

In the event of a total loss, the indemnity will cover the difference between the value of a replacement vehicle and the amount of the indemnity paid (plus the applicable deductible) by the primary insurer, with any amount in excess thereof to be borne by the named insured.

Since the indemnity includes a replacement vehicle, the insurer may (as provided for under the Description of Coverages section of the Quebec Automobile Insurance Policy Form (Q.P.F.) No. 5.):

- if the replacement vehicle is unavailable, replace it with an equivalent vehicle.
 - An equivalent vehicle is a new vehicle of the same kind and quality with similar equipment and accessories. Considering that vehicle models change over the years, it is understood that the insurer's obligation consists in replacing the vehicle with a similar model. All equipment and accessories are taken into consideration when the vehicle is replaced.
- at the insured's request, replace the described vehicle with a higher value vehicle with the insured paying any additional amount.
- if the insured chooses to replace the vehicle with a lower value vehicle, the insurer's obligation is limited to the difference between the value of the lower value vehicle and the amount of the indemnity paid by the primary insurer,

The manufacturer's discount must be applied in the total loss calculation. The insurer will replace the described vehicle at current cost (no discount) even if a discount was applied at the time of the purchase of the described vehicle. The same principle applies to a vehicle whose value fluctuates over the years. With regard to new vehicles, the Quebec Automobile Insurance Policy Form (Q.P.F.) No. 5 guarantees the replacement of vehicle and not the amount paid for the described vehicle, regardless of whether there is a discount or fluctuation in value

Partial Loss of New or Demonstrator Vehicle

If damaged parts cannot be repaired and they are then replaced with new original equipment manufacturer (OEM) parts, the insurer agrees to bear the difference between the cost of replacing the damaged parts with new OEM parts and the indemnity paid by the primary insurer for those parts

If any new original equipment manufacturer parts are out of stock or no longer manufactured, the liability of the insurer will be limited to the latest list price of those parts.

Total Loss of Used Vehicle

The insurer agrees to pay an indemnity equal to the difference between:

- the marked-up value of the described vehicle; and
- the indemnity paid by the primary insurer, plus the deductible assumed by the named insured.

Any amount not borne by the insurer will be borne by the named insured.

Marked up value $(P (1 + t)^n \times (1 + t)^{y/z})$:

- If the described vehicle was purchased or leased from a dealer of motor vehicles within 60 days of the effective date of the insurance contract, the marked-up value will be the purchase price of the described vehicle increased by 5 % compounded annually, calculated in proportion to the number of days elapsed between the effective date of the contract and the date of the total loss.
- In all other instances, the marked-up value will be the value of the described vehicle on the date of total loss increased by 5 % compounded annually, calculated in proportion to the number of days elapsed between the effective date of the insurance contract and the date of the total loss.

Where:

P = purchase price

t = annual compound rate (5%)

n = number of complete coverage years

y = number of days between the previous anniversary date and the date of loss in days

z = number of days in the year (365)

Example:

Marked Up Value = **\$22539**

P	20000
Coverage Start	12-Mar-16
Loss Date	23-Aug-18
Last anniversary date	12-Mar-18
t	5%
n	2
y	164
z	365

Once you have the marked up value, it can be used to calculate the total indemnity that is payable under Q.P.F. No. 5.

Total Indemnity payable = Marked Up Value less Value on Date of Loss plus deductible

Working with our example above, let's say the value on the date of loss (payout under Q.P.F. No. 1) is \$17000 with a deductible of \$500. The amount payable:

Total Payout under Q.P.F. No. 1 = 17000 less deductible (500) = \$16500

Total Payout under Q.P.F. No. 5 = (Marked Up Value less value on date of loss) plus

Reimbursement of deductible

= 22539 – 17000 + 500

= **\$6039**

Total Indemnity payable to the insured under Q.P.F. No. 1 and Q.P.F. No. 5:

= 16500 + 6039

= **\$22539**

Replacement Components

The Replacement Insurance contract defines approved replacement components to be new or remanufactured genuine Hyundai components.

The Claims Adjuster will count on the Parts Department to procure components that are covered by the service contract. The insurer will assist whenever possible in the event that the repair facility cannot provide a reasonable solution..

Pre-existing Conditions

Replacement Insurance contracts exclude coverage for conditions which exist prior to the commencement of the contract.

Claims for any damage identified as existing at the time of contract purchase will not be covered under the Replacement Insurance program and the cost of such repairs will be the responsibility of the selling dealer and/or the contract holder.

Privacy of Information

Maintaining the privacy of information is very important to Hyundai Auto Canada Corp. and LGM Financial Services Inc. (LGM). The information each dealer provides us for Hyundai Protection Plans customers is held in strict confidence and is not shared with any outside parties unless required for statutory or underwriting purposes.

Hyundai Protection Plans products state the following privacy policy:

We and the Administrator only collect personal information from You that is necessary to determine Your eligibility for Coverage, process Your business, handle Your claims, deal with third party dealers, repairers or Roadside providers and to insure Our coverage with Our underwriters. If You exercise Your right and refuse to provide the required information at the time of registering Your Contract, We and the Administrator will not be able to provide Coverage under the terms of this Contract. Once We and the Administrator have provided confirmation of Coverage to You, You may not withdraw Your consent to provide Your personal information since We and the Administrator may be required to use Your personal information in the normal course of handling Your business, such as contacting You in the event of a claim. For more information regarding the privacy of Your information please visit www.lgm.ca/privacy.

Each selling dealer must ensure that in promoting, selling and maintaining the Hyundai Protection Plans at their dealership that they comply at all times with the current legislation pertaining to the privacy of information for all contract holders.

Customer Agreement

A copy of the full Agreement is found in the Summary. For the purpose of administering claims, please refer to your customer's actual agreement.