

# Costs of Borrowing for New Zealand Consumer Premium Funding Contracts

NOTE: The following DOES NOT APPLY unless your premium funding contract is a consumer credit contract.

To be a contract for "consumer credit", you must be a natural person(s), and more than 50% of the credit must be used to pay for insurance policies you take out for personal, domestic, or household purposes.

Unless your contract is such a consumer credit contract, disregard the following in its entirety.

## Annual rates of interest

NOTE: Your interest rate is fixed at the outset of your contract, and for the whole period of your contract. The following information is provided so you can compare our charges with our competitors, and decide who to borrow from.

We charge annual interest rates in the range of 20%-30%. The factors that determine the specific interest rate for particular borrowers generally depend on rates negotiations with intermediaries, and the period of loan (e.g. we apply a higher rate for a 12 month loan than we apply for a 10 month loan).

We may apply a higher interest rate than the maximum rate specified above if our costs of borrowing increase, such as may be the case if either the Reserve Bank of Australia or the Reserve Bank of New Zealand increases their official cash rates. If we do apply a higher interest rate, the maximum additional interest rate would generally equate to the increase in our borrowing costs e.g. the increases applied by the relevant Reserve Bank. No higher interest rates are imposed in the event of default, including a default in payment.

Interest is calculated monthly on the principal balance of the loan on that day by multiplying that balance by a monthly interest rate (calculated by dividing the annual interest rate by 12). That interest is charged monthly as part of the payment that becomes due on that day.

## Credit fees

We may charge an establishment fee and, if we do, it will always be \$40 or less, and will be payable with your first instalment.

## Default fees

No default fees are imposed in the event of default, including a default in payment.