

## **The Guiding Manual for Comprehensive Motor Insurance Regulations and Lessee Insurance Account Settlement**

## 1. Purpose

This manual aims to clarify the mutual rights and obligations between the Riyad Bank and the customer throughout the contractual relationship period, as well as the mechanism for calculating insurance costs and settling the lessee's insurance account

## 2. Beginning of the Contractual Relationship with the Lessee

- **Insurance Companies' Quotations:** The Riyad Bank shall provide at least three insurance quotations from insurance companies approved by the lessor.
- **Selection of the Insurance Company:** The lowest-priced insurance quotation shall be selected based on changes in the insurance value and pricing factors for individual lessees. The Riyad Bank shall provide the insurance company with the necessary customer data for pricing as included in the insurance form.

## 3. Insurance Form

The customer shall review and sign the insurance form, which details the following data:

- **Lessor, Customer, and Vehicle Data:** Basic information of the lessor, the customer, and the details of the vehicle.
- **Estimated Vehicle Value:** This value is based on the vehicle price (as per the quotation) and the annual depreciation rate of the vehicle's value throughout the contractual relationship with the customer. For vehicle prices related to final payment rescheduling requests, the vehicle price shall be calculated based on the final payment amount using the same applicable depreciation rate.
- **Deductible Amount:** This amount is determined by the customer according to their preference for the duration of the contractual relationship. (The customer shall bear this amount from the value of each loss or damage resulting from a covered peril under the policy, provided there is a percentage of liability as per the report issued by the authority handling the accident).
- **Repair Type and Method:** For the first three years of the contractual relationship, dealership repair (agency repair) is mandatory. For the remaining years, the customer may select the type of repair, whether inside or outside the dealership.
- **Insurance Companies' Quotations:** The insurance form shall display the quotations of the approved insurance companies by the Riyad Bank at the beginning of the contractual relationship only.

## 4. Insurance Calculation

The customer shall review and sign the expected insurance calculation for the entire contract duration, based on the depreciation of the vehicle's insurance value. "This pricing is for the purpose of calculating insurance costs between the Riyad Bank and the customer for the entire contract duration. Please note that the insurance premium varies annually based on the Comprehensive Insurance Regulations."

## 5. Insurance Policy Renewal

- **Insurance Policy Renewal:** The policy shall be renewed annually by the Riyad Bank forty-five (45) days prior to the expiration of the current effective policy.
- **Selection of the Insurance Company for Renewal:** The lowest-priced insurance company shall be selected based on changes in the insurance value and pricing factors for individual lessees. The Riyad Bank shall provide the insurance company with the necessary customer data for pricing as included in the insurance form, along with all other factors including, but not limited to, (the vehicle's depreciation value, the deductible amount, and the repair type) which were specified at the beginning of the contractual relationship. The renewal insurance premium may increase or decrease based on the insurance company's pricing.
- **Premium Increases:** In the event of an increase in the insurance premium for the renewal of the insurance policy, the Riyad Bank shall pay the difference to the insurance company. This increase shall be reflected in the lessee's insurance account and settled in accordance with paragraph (7) upon the liquidation of the lessee's insurance account.

## 6. Receipt of Insurance Policy Notice and Lessee's Insurance Account Statement

An SMS shall be sent to the customer's mobile number by Insurance Broker to review the following:

- **Insurance Policy**
- **Lessee's Insurance Account Statement**
- **Adding Additional Benefits:** (Adding a driver / Geographical coverage)
- **Filing Claims:** (Total loss / Partial loss)

## 7. The Lessee's Insurance Account (Insurance Liquidation)

The Lessee's Insurance Account is a record showing the values of the amounts paid (insurance premiums) by the Riyad Bank to the insurance company, and the amounts charged to the customer in the contract in exchange for the vehicle's insurance. This account aims to liquidate these insurance-related amounts within thirty (30) days after the termination of the contractual relationship with the customer. The liquidation shall be processed as explained below, and the customer can view the record annually through the messages sent to them, as specified in paragraph (6).

- **Surplus Refunds:** The Riyad Bank shall refund the excess amounts to the customer in the event of a surplus.
- **Additional Premium Claims:** The Riyad Bank shall claim from the customer the payment of additional amounts borne by the Riyad Bank due to higher insurance premiums than what was collected from the customer against the insurance premium specified in the contract.

## Illustrative Examples for Lessee's Insurance Account Settlement

The first example:

| Years                                                                                                                                                             | Policy Number | Insurance Company | Start Insurance Date | Expiry Date Insurance | Premiums Charged Total to the Customer as per Contract | Total Actual Paid to the Premiums Insurance Company | Insurance Balance Customer's |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------|----------------------|-----------------------|--------------------------------------------------------|-----------------------------------------------------|------------------------------|
| 1                                                                                                                                                                 | XXXX          | XXXX              | XXXX                 | XXXX                  | SAR 5,000                                              | SAR 4,000                                           | SAR 1,000 (Surplus)          |
| 2                                                                                                                                                                 | XXXX          | XXXX              | XXXX                 | XXXX                  | SAR 4,200                                              | SAR 5,500                                           | SAR 1,300 (Shortage)         |
| 3                                                                                                                                                                 | XXXX          | XXXX              | XXXX                 | XXXX                  | SAR 3,000                                              | SAR 6,000                                           | SAR 3,000 (Shortage)         |
| 4                                                                                                                                                                 | XXXX          | XXXX              | XXXX                 | XXXX                  | SAR 2,500                                              | SAR 4,000                                           | SAR 1,500 (Shortage)         |
| 5                                                                                                                                                                 | XXXX          | XXXX              | XXXX                 | XXXX                  | SAR 2,000                                              | SAR 3,000                                           | SAR 1,000 (Shortage)         |
| <b>"Settlement:</b> If the net insurance balance is negative, this indicates that the customer is required to pay the outstanding shortage amount to the lessor". |               |                   |                      |                       | SAR 16,700                                             | SAR 22,500                                          | <b>SAR 5,800-</b>            |

The second example:

| Years | Policy Number | Insurance Company | Start Insurance Date | Expiry Date Insurance | Premiums Charged Total to the Customer as per Contract | Total Actual Paid to the Premiums Insurance Company | Insurance Balance Customer's |
|-------|---------------|-------------------|----------------------|-----------------------|--------------------------------------------------------|-----------------------------------------------------|------------------------------|
| 1     | XXXX          | XXXX              | XXXX                 | XXXX                  | SAR 6,000                                              | SAR 4,500                                           | SAR 1,500 (Surplus)          |
| 2     | XXXX          | XXXX              | XXXX                 | XXXX                  | SAR 5,200                                              | SAR 4,000                                           | SAR 1,200 (Surplus)          |

|                                                                                                                                                                 |      |      |      |      |            |            |                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------------|------------|-----------------------|
| 3                                                                                                                                                               | XXXX | XXXX | XXXX | XXXX | SAR 4,300  | SAR 5,000  | SAR 700<br>(Shortage) |
| 4                                                                                                                                                               | XXXX | XXXX | XXXX | XXXX | SAR 3,800  | SAR 3,500  | SAR 300<br>(Surplus)  |
| 5                                                                                                                                                               | XXXX | XXXX | XXXX | XXXX | SAR 2,500  | SAR 3,000  | SAR 500<br>(Shortage) |
| <b>" Settlement:</b> If the net insurance balance is positive, this indicates a surplus for the customer, and the amount will be deposited into their account." |      |      |      |      | SAR 21,800 | SAR 20,000 | <b>SAR 1,800</b>      |