

Lenovo ServicesSM

LENOVO ACCIDENTAL DAMAGE PROTECTION INSURANCE

**Combined Financial Services Guide and Product Disclosure
Statement**

lenovo® **FOR**
THOSE™
WHO DO.

Product Disclosure Statement

Prepared on the 08 March 2013

Insurer: Virginia Surety Company, Inc (ABN 63 080 339 957)

Australian Financial Services Licence number 245579

This document is a combined Financial Services Guide and Product Disclosure Statement for Lenovo Accidental Damage Protection Insurance (Combined FSG and PDS).

This combined FSG and PDS is divided into two parts:

- Part A: Financial Services Guide (FSG); and
- Part B: Product Disclosure Statement.

The FSG is issued by Lenovo (Australia & New Zealand) Pty Ltd, (ABN 70 112 394 411), Authorised Representative No. 435388 (Lenovo). The PDS is issued by the Virginia Surety Company, Inc ABN 63 080 339 957; AFSL No. 245579 (VSC). Lenovo is an authorised representative of VSC.

Part A**FINANCIAL SERVICES GUIDE (FSG): Prepared 8 March 2013**

We are Lenovo (Australia and New Zealand) Pty Ltd, (ABN 70 112 394 411) (Lenovo), an authorised representative of Virginia Surety Company, Inc ABN 63 080 339 957, AFSL No. 245579 (VSC) in respect of Lenovo Accidental Damage Protection Insurance. References in this FSG to 'We', 'Our' or 'Us' are references to Lenovo. VSC has authorised the distribution of this FSG.

Important information

This FSG is provided to assist You in making informed decisions about the financial services We provide to You. It explains who We are, the financial services provided by Us, how We are remunerated and how Your complaints are dealt with.

Where We provide general factual advice to You about Lenovo Accidental Damage Protection Insurance, or arrange for the issue of Lenovo Accidental Damage Protection Insurance to You, please refer to the Product Disclosure Statement (PDS) contained in Part B of this document to ensure the cover provided suits Your individual needs. The PDS contains information about the particular product, including any relevant risks, benefits and significant characteristics of the product. It contains important information about the product that will assist You in making an informed decision. You should read the PDS carefully.

Authorised services

We are authorised under an agreement with VSC to provide general factual advice on, and to arrange for the issue of Lenovo Accidental Damage Protection Insurance. We can answer questions You may have about the product, assist with Your application, and accept payment. We can give You general factual advice, but cannot advise You if the product is appropriate to meet Your particular needs.

In arranging the issue of Lenovo Accidental Damage Protection Insurance to You, Lenovo acts as an Authorised Representative of VSC. The significance of this arrangement is that We are able to arrange the issue of a Lenovo Accidental Damage Protection Insurance to You on behalf of VSC.

How We are paid

We receive remuneration from VSC when We arrange the issue of a Lenovo Accidental Damage Protection Insurance policy. VSC will pay Us a commission of up to forty percent of the premium You pay (excluding taxes and charges) and a share of the profit made in relation to the insurance which is calculated and paid to us annually. This commission is included in Your premium and is not an extra charge to You.

How can You provide Us with instructions?

If You want to update Your policy information in relation to Lenovo Accidental Damage and Theft Protection Insurance, You can do so by contacting Us. See Our contact details below.

Your Privacy

In order for Us to arrange Lenovo Accidental Damage Protection Insurance for You and to keep in contact with You, We need to collect certain personal information about You. We may not be able to arrange Your insurance policy without this information. We may disclose Your personal information to VSC and its policy and claims administrator. We may also disclose Your information to Our domestic and offshore related bodies corporate, contractors or service providers, all of which are required to keep Your information confidential. If You have any questions or would like to access the information We have about You, see Our privacy policy, which is available on Our website at: www.lenovo.com/privacy/au/en/.

If You have a complaint

If You have a complaint about this product or service, You may request to speak with the supervisor or manager of the area You are dealing with. If Your complaint is not resolved You can then contact VSC. VSC have an internal dispute resolution system which seeks to resolve any complaints or disputes that may arise. Please contact VSC on 1300 654 611. If You are not satisfied with the response, You may take the matter up with an external dispute resolution body, the Financial Ombudsman Service ("FOS"). You can contact the FOS at:

Telephone: 1300 780 808
Facsimile: (03) 9613 6399
Website: www.fos.org.au
Post: GPO Box 3, Melbourne VIC 3001

Contact**Lenovo**

You can contact us on the following number: 1800 041 267

VSC, Licensee

You can contact the licensee, VSC by phone on 1300 654 611, by fax on (03) 9862 3299 or at PO Box 246, Balwyn Vic 3103 or by email at customerfeedback@thewarrantygroup.com.

Part B**SECTION 1 - PRODUCT DISCLOSURE STATEMENT: Prepared 8 March 2013****THE PURPOSE OF THIS PRODUCT DISCLOSURE STATEMENT (PDS)**

The purpose of this PDS is to give You the information You require to make an informed decision about whether or not to purchase the Lenovo Accidental Damage Protection Insurance. To assist You in understanding the Cover provided by the Policy, this PDS details the significant features of the Policy, including the Policy's benefits, risks and information about how the insurance premium is calculated. The information is general and does not take account of Your individual needs.

This PDS, including the Policy Schedule, forms Your contract of insurance with Us. Provided You have paid the premium, We will insure You during the Period of Cover subject to the terms and conditions set out in this PDS. Before deciding to purchase this Policy, You should read this PDS carefully to understand the extent of Cover provided by this product and its limitations.

Capitalised terms and expressions used in this PDS have the meanings given to them at the beginning of the Policy Wording in Section 2.

WHO IS THE INSURER?

This insurance Policy is underwritten and issued by Virginia Surety Company, Inc (ABN 63 080 339 957) (VSC) of Level 2, 74 Doncaster Rd Balwyn North VIC 3104. In this PDS, the Insurer is called 'We', 'Us' or 'Our'. We hold an Australian Financial Services Licence (number 245579). You can contact Us:

- by phone on 1300 654 665
- by faxing Us on 03 9862 3299
- by writing to Us at PO Box 246, Balwyn VIC 3103
- by emailing Us at vscau@thewarrantygroup.com

Lenovo (Australia & New Zealand) Pty Ltd (ABN 70 112 394 411) (Lenovo) arranges for the issuance of the Policy and performs administrative functions on Our behalf. Lenovo acts as an authorised representative for us. In effecting this insurance Policy, the selling agent is acting as Our agent, and not as Your agent. The selling agent will receive payment for effecting this Policy on Our behalf, please refer to the Financial Services Guide for details.

The Warranty Group Australia Pty Limited (The Warranty Group) (ABN 37 005 004 446) performs some administrative Policy functions on our behalf.

ELIGIBILITY

Please Note: Lenovo Accidental Damage Protection Insurance is only available when purchased with the following Lenovo Products: notebooks, tablet device, mobile workstation, desktop or fixed workstation from Lenovo or an approved Lenovo reseller.

Cover will need to be purchased for each Product You wish to protect.

When Lenovo Accidental Damage Protection Insurance is purchased for a Lenovo Product, the Original Purchase Price of the individual Lenovo Product must not exceed \$7,500.

FEATURES AND BENEFITS OF THE POLICY

The Policy is an insurance policy with the following significant features and benefits:

Accidental Damage Protection

If the insured Product suffers Accidental Damage, during the Period of Cover, We will repair or replace the Product subject to the applicable Excess, Policy terms and conditions. The decision to repair or replace the unit lies solely with Us and Lenovo. If the Product is repaired it may be repaired with new or used parts. Any replaced

parts will have the same functionality as the original part/s. If Lenovo decides that the Product needs to be replaced, then We will provide a Replacement Product that may be new or reconditioned. The replacement product will have the same functionality as the original item.

The maximum value of all Your Accidental Damage claims (net of Excesses) cannot exceed the Original Purchase Price of the Product. Where the damage is extensive and the replacement value of the Product exceeds the remaining Accidental Damage benefit available, We will payout the remaining benefit. In this instance Your cover ceases as the policy has paid out the maximum benefit.

PERIOD OF COVER

You are able to select the length of time You wish to protect Your Product from Accidental Damage. The Cover periods available to You are; one, two, three or four years.

PRODUCTS INCLUDED / COMPONENTS EXCLUDED

This Cover is for hardware only. Accidental Damage Protection does not cover any damage (including without limitation virus-inflicted damage) to software preloaded on, purchased with or otherwise loaded on the Product.

The Policy does not cover externally-attached devices, components, cases, television monitor, wall mounts or wiring classified as 'accessories' or 'consumables' and not built in or on the base unit, such as light bulbs, memory disks or disk, wire connections, AC adapters, carry cases or folios, stylus or digitizer pens, cradles, docking stations, port replicators, external keyboards, printers, scanners, external drives, software, tapes, CDs, DVDs, film or other media, external modems, external speakers, monitors, external mice, input/output devices, ceiling mount kit, disposable memory devices, or any other components not internal to the Product, or other parts/components requiring regular maintenance.

Accidental Damage Protection does not cover any software.

Only parts built in or on the base unit, including parts or accessories that are required for regular operation of the unit and shipped at point of sale, such as internal central processing unit, integrated hard disk drive, integrated optical drive, integrated keyboard, integrated pointing devices, integrated LCD screen, replaceable sealed batteries, internal components/switches, built-in buttons, card reader slot shipped with Your Insured Product are Covered.

In the event of a system or part replacement which may require access to an optical device and the customer has opted out of an optical device, We reserves the right to decline service until the customer grants Lenovo access to an optical device to enable support and serviceability.

SIGNIFICANT RISKS

You should be aware of the following risks associated with the Policy:

Disclosure Obligations: Failure to comply with disclosure obligations may have consequences in relation to the Cover being provided or may affect a claim being paid. These consequences are outlined under 'Your Duty of Disclosure' in the Policy Wording.

Policy Coverage: Our liability under this Policy is excluded in certain circumstances and We will not be liable for any claim if the following occurs:

- Fraud;
- Non-Disclosure;
- Non payment of premium; or
- Non payment of Excess.

Please Note: The above list is not intended to be all inclusive, rather an indication.

Variation to Your Cover: It is important that You notify Us of any change to Your circumstances, including if You change Your address.

We reserve the right to obtain an independent assessment and valuation report in the event of any claim.

WHAT IS THE COST?

The premium payable for Your insurance policy will be shown on Your Policy Schedule. In setting premiums, a number of factors are taken into consideration. These factors may include:

- term chosen;
- the level of Excess;
- the purchase price of the insured Product; and
- the type and specifications of the insured Product.

In the event that the premium is not received in full, within 30 days from the date of purchase, all cover will cease. For further details please refer to the Cancellation section of the Product Disclosure Statement.

The premium will be calculated and provided to You at the time of purchase and will be detailed in the Policy Schedule. You may also be required to pay one-off fees in the following circumstances:

- a Cancellation Fee on cancellation of the policy;
- a Policy transfer fee; and
- an Excess on an accepted claim.

COOLING OFF PERIOD

We understand that all customer needs are different. Accordingly as part of this Policy We offer a 14 day Cooling Off Period. If You should decide for any reason whatsoever that this Policy does not suite Your individual needs, You may cancel this Policy and receive a full refund as long as no claims have been lodged.

To cancel the Policy within the Cooling Off Period and receive a full refund, please advise Lenovo of Your request in writing:

by mail: Lenovo Australia & New Zealand Pty Ltd
ADP Policy Admin
PO Box 5077
West Chatswood NSW 15150

by email: ADPAdmin@lenovo.com

To cancel Your Policy at other times, please refer to the 'Cancellation' section in the Policy Wording.

DISPUTE RESOLUTION

Should You have a concern relating to any area of our business or Your Policy You may request that it be dealt with by the supervisor or manager directly responsible for that area. If Your complaint is not resolved by the supervisor or manager, Your complaint may then be referred to Our Internal Dispute Resolution Panel. You can contact Our Internal Disputes Panel:

- by emailing us at customerfeedback@thewarrantygroup.com; or
- by phone on 1300 654 611

We will respond to Your complaint in writing within 15 working days. Our dispute resolution process is provided to You free of charge. If You are not satisfied with the outcome of Our process You may refer the matter to the Financial Ombudsman Service (FOS). The FOS may be contacted:

- by phone on 1300 780 808 (local call fee applies);
- by fax on (03) 9613 6399;
- by writing to GPO Box 3, Melbourne VIC 3001;
- by emailing them at <mailto:info@fos.org.au>
- on the web <http://www.fos.org.au>

The FOS provides an independent service which will investigate Your complaint and provide a ruling at no cost to You.

THE GENERAL INSURANCE CODE OF PRACTICE

Virginia Surety Company, Inc adheres to the General Insurance Code of Practice. The Code was developed with the objective of raising the standards of service and practices in the insurance industry to a level that seeks to achieve total customer satisfaction. The Code aims to improve the quality of policy documentation and information provided to consumers; employee and agent training; claims handling and dispute resolution. Please contact Us if You would like to obtain Our brochure on the Code.

YOUR PRIVACY

Virginia Surety Company, Inc is bound by the National Privacy Principles contained in the Privacy Act 1988. By submitting a proposal, You will be supplying Us with personal information. We collect this information so that We can assess the risk and determine the appropriate terms and conditions that will apply to the Policy. If We accept Your proposal, We will use the information so that We can administer Your Policy, including processing claims and responding to Your queries. The information collected is held by Us and will be disclosed to Financiers and/or service providers such as assessors or loss adjusters, as well as companies in The Warranty Group. With some exceptions You have rights of access to, and correction of, Your personal information upon request. We value the privacy of personal information and We ensure that information about You is handled as permitted and required by law. Please contact Our Privacy Officer on 1300 654 611 if You have any queries or would like a copy of Our privacy brochure.

FINANCIAL CLAIMS SCHEME

If We become insolvent, this policy may be protected under the Federal Government's Financial Claims Scheme administered by APRA. This means that if You meet certain eligibility criteria You may receive payment under the scheme. For more information please see <http://www.apra.gov.au> or contact the APRA hotline on 1300 131 060.

SUBROGATION

When We pay a claim under the Policy, We have the right to take over and enforce any right You may have to recover the loss from another party. We may do this in Your name and You have an obligation to assist Us as required.

JURISDICTION

This Policy shall, at all times and in all respects, be governed by and subject to the laws of the State or Territory in Australia where this Policy was issued and whose courts shall have jurisdiction in any dispute arising under or in connection with this Policy. This condition shall not preclude the parties from agreeing to submit any dispute to Arbitration, or to any other form of Alternative Dispute Resolution, after it has arisen.

SECTION 2- POLICY WORDING

DEFINITIONS

Some words have a special meaning in this Policy. These words are listed below.

Accidental Damage: unintentional physical damage to property causing the impairment of use.

Cover: means the protection provided by the Policy.

Cancellation Fee: means the \$55 fee (including GST) charged at the time of cancellation, where the cancellation is requested by You after the 'Cooling Off' period has expired.

Excess: mean the amount You have to pay each time You make a claim. The applicable Excess is specified in Your Policy Schedule.

Insured: means the person or entity who purchases this Policy and as specified on the Policy Schedule.

Original Purchase Price: means the purchase price of Your Product specified on the tax invoice, inclusive of GST but does not include any additional accessories or sundries.

Period of Cover: means the period of Cover as stated on the Policy Schedule.

Policy: means this Accidental Damage Protection Insurance.

Policy Wording: means the terms, conditions and exclusions outlined in this document that explains the coverage of Your Policy.

Product: means the tablet computer/s, notebook/s, desktop/s, mobile workstations or fixed workstations listed in Your Policy Schedule.

Policy Schedule: refers to the document provided to You by Us which confirms the Cover You have purchased and includes any written amendments to the terms of this Policy that may apply to You.

Replacement Product: means a product that We supply You with in the event of an accepted claim. The product will be equivalent to the original Product listed in Your Policy Schedule.

Total Loss: Your Product will be deemed a Total Loss when We consider it uneconomical to repair the insured Product or when repair costs exceed the Original Purchase Price.

User/s: means a person who with Your approval will be the primary user of the Product.

We, Us, Our: means the insurer, Virginia Surety Company, Inc (ABN 63 080 339 957) (AFSL 245579).

You, Your: means the Insured as listed on the Policy Schedule.

YOUR DUTY OF DISCLOSURE

What You Must Tell Us and Why: When entering into a policy of insurance with Us You must answer Our questions truthfully and You have a duty under law to tell Us anything known to You and which a reasonable person in the circumstances would include in response to Our questions. We will use Your answers to decide whether or not to insure You and anyone else named on the Policy, and on what terms We will provide Cover.

Who Needs To Tell Us: It is important that You understand You are answering questions for yourself and those answers will affect anyone else You want to be covered by the Policy. You have the same duty to disclose this information to Us before You extend, vary or reinstate a policy of insurance.

If You Do Not Tell Us: If You do not answer Our questions in this way, We may reduce or refuse to pay a claim, or cancel the Policy. If You answer Our questions fraudulently, We may refuse to pay a claim and treat the Policy as never having existed.

POLICY COVERAGE

We agree that during the Period of Cover, should Your Product suffer Accidental Damage, We will elect at Our option, to repair the Product or if it is deemed a Total Loss, to provide You with a Replacement Product subject to Policy Wording terms and conditions that are provided herein.

Below are some examples of how We will repair or replace the Product under Your Accidental Damage Protection Insurance Policy.

CAUSE OF DAMAGE	RESOLUTION DESCRIPTION
Liquid spilled on or in unit	Repaired or unit replaced
Drops, falls and other similar impact	Repaired or unit replaced
Electrical surge	Repaired or unit replaced
Damaged or broken LCD	Repaired
Accidental breakage (multiple pieces)	Repaired or unit replaced

NOTE: All tablet devices are required to be kept in a suitable protective cover at all times. Failure to adhere to this requirement will result in denial of a claim under Accidental Damage.

- Accidental Damage Protection is a Depot repair and will be serviced at Lenovo Depot or at location of Lenovo Authorized Service Provider.

LIMIT OF LIABILITY

The information below outlines the claim limit that applies (net of Excesses) under Your Lenovo Accidental Damage Protection Insurance.

- The maximum amount payable by Us will be the Original Purchase Price (inclusive of GST) of Your covered Product, which must not be greater than \$7,500. If the covered Product cannot be repaired and the replacement Product exceeds the remaining Accidental Damage benefit available, We will pay You out the remaining benefit.
- We will not accept any liability to You, or any subsequent owner or other User of the product, for any incidental or consequential damages, including, but not limited to, liability or damages for the product not being available for use, loss or corruption of data or software, personal injury, death, other indirect loss due to product failure, or any and all incidental, indirect, special or consequential damages arising out of or in connection with the use or performance of the product, even if You have advised Us of the possibility of such damages.

EXCESS

You must pay any applicable Excess specified on Your Policy Schedule each time You make a claim which We have accepted under the Policy. If You have more than one Product listed on Your Policy Schedule, a separate applicable Excess is payable in relation to each Product that is the subject of a claim. A repaired Product will not be returned or a replaced product will not be provided until the Excess is paid.

WHEN AM I COVERED?

Your Cover will commence on the day You purchase this insurance Policy from Us, provided We have issued You with a Policy Schedule confirming Our acceptance of Your Cover.

Your Cover will end when any of the following occurs:

- the Policy is cancelled (see section 'Cancellation' in this Policy Document);
- the Period of Cover expires; or
- the maximum Policy benefit has been reached being the total amount of all Your claims (net of Excesses) add to the Original Purchase Price.

CANCELLATION**Cancellation by You**

You may cancel this Policy at any time by advising Lenovo in writing:

by mail: Lenovo Australia & New Zealand Pty Ltd
ADP Policy Admin
PO Box 5077
West Chatswood NSW 15150

by email: ADPAdmin@lenovo.com

Lenovo will respond to You within 7 days of receiving Your request. If the Policy is cancelled after the Cooling Off Period We will retain the proportionate premium for the time that Cover has been provided together with Our Cancellation Fee.

Cancellation by Us

We may cancel this Policy by giving You notice in writing in accordance with the Insurance Contracts Act 1984 for reasons including:

- failure to comply with Your Duty of Disclosure;
- failure to comply with the conditions of this Policy;
- misrepresentation prior to entering into this Policy;
- non-payment of premium.

If We cancel Your Policy We will retain the proportionate premium for the time that Cover has been provided together with Our Cancellation Fee.

If Your Policy is cancelled by You or Us after the Cooling Off Period, We will not refund Your premium if You have already made a claim on the Policy. All refunds for cancellations are calculated on a pro-rata basis.

EXCLUSIONS

ITEMS NOT COVERED

This Policy does not Cover items such as docking stations, external modems, external speakers, game devices, carrying cases, secondary monitors, external mouse (except for desktops), external keyboard (except for desktops) on notebooks, externally-attached devices, components, cases, television, monitor, wall mounts or wiring classified as 'accessories' or 'consumables' and not built in or on the base unit, such as light bulbs, ceiling mount kit, memory disks or disk, disposable memory devices, carrying cases or stylus pens, or any other parts/components requiring regular maintenance.

GENERAL EXCLUSIONS

Our liability to pay a claim under the Policy is excluded in the following circumstances:

- Any and all pre-existing conditions that occur prior to the effective date of this Cover and/or any product sold used, damaged, or "as-is" including but not limited to floor models, demonstration models, etc;
- Product repairs that should be covered by Lenovo's or an extended warranty or are a result of a recall, regardless of the Lenovo's ability to pay for such repairs;
- Recovery or repossession of the Product for any reason whatsoever;
- Fraudulent or dishonest acts on Your or the User's part or on the part of any of Your employees acting alone or in collusion with any other person or persons;
- Consequential loss of any kind;
- Failure of the Product caused by mechanical or electrical breakdown not resulting from Accidental Damage;
- Any Product that is damaged while located outside of Australia or New Zealand;
- Any recovery or transfer of data stored on the Product. You are solely responsible for all data stored on the Product. We do not provide You any data recovery services under this Agreement;
- If the Product has incurred Accidental Damage when the Product has been made available to a person other than the Insured or the User.
- Any damage to the Product that is cosmetic only or does not otherwise affect Product functionality;
- Under this Policy, We are not obligated to repair wear and tear on the Product and other superficial items, such as scratches and dents that do not materially impair Your use of the Product.
- Any Product that has been repaired or attempted to be repaired by a person other than one We designate. We will not reimburse You for any repairs that You or another person make or attempt to make to the Product or any loss or damage caused as a result of unauthorised repairs;
- The acquisition or destruction of any Product by order of any government, public or statutory authority;
- Any tablet that has suffered damage whilst not kept in a protective cover;
- Any Product that is intentionally damaged. If We find evidence of intentional damage, We are not obligated to repair or replace the Product;
- Damage caused by war, invasion or act of foreign enemy, hostilities, civil war, rebellion, riot, strike, labour disturbance, lockout, or civil commotion;
- Damage due to external causes including third party actions, fire, insects, animals, exposure to weather conditions, extreme temperature, windstorm, sand, dirt, flood or acts of god.
- Damage from abuse, misuse, introduction of foreign objects into the Covered Product, mechanical or electrical breakdown, unauthorized modifications or alterations to a Covered Product, failure to follow Lenovo's instructions;
- Cost of installation, set-up, diagnostic charges, removal or reinstallation of the Covered Product;
- Service where no problem can be found;
- Damage due to theft.

CLAIMS

In the event of Accidental Damage to Your Product which might give rise to a claim under this Policy You shall:

Contact Lenovo on:

- Telephone: 1800 041 267; or
- Online: http://support.lenovo.com/en_AU/

When calling You will be advised to follow the problem determination and resolution procedures specified by the call centre. Also, there are several responsibilities prior to sending in the Product for repair, such as: remove all data, including confidential information, proprietary information and personal information, from Your Covered Product or, if You are unable to remove any such information, modify the information to prevent its access by another party or so that it is not personal data under applicable law; remove all features, parts, options, alterations and attachments not covered and ensure that Your Product or part is free of any legal restrictions that prevent its replacement.

Upon notification of a claim being lodged, You must give Us an opportunity to assess and inspect the damage before any repairs or alterations are undertaken. If Your claim is accepted under the Policy, You will be required to pay the Excess applicable as outlined on Your Policy Schedule prior to any repairs taking place, or receiving a Replacement Product. This policy allows for one (1) whole unit replacement for the period of cover selected. Where We have replaced the damaged Product, We will take possession of the damaged Product and dispose of it. Any value We are able to recover from the damaged Product will be retained by Us.

ADDITIONAL CLAIMS INFORMATION

You shall at Your own expense take all reasonable precautions to prevent damage and to comply with statutory requirements and Lenovo's recommendations relating to the safeguarding and operation of the Product.

WHAT HAPPENS IF I SELL THE INSURED PRODUCT?

If You sell Your Product You may transfer the Policy to the subsequent owner if You call Us on 1300 654 665 and pay a policy transfer fee of \$25 within seven days of the sale. Our total liability under the policy is not increased as a result of any such transfer.