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Insurance

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Financial Services Guide

Coverforce Insurance Broking Pty Limited
v1.7 - 22nd December 2017



When we provide advice

If we provide you with General Advice, or assist you in obtaining a Retail insurance product (as defined in the *Corporations Act 2001*), we provide you with a general recommendation or opinion about a product which does not take into consideration your financial needs, situation or objectives. In these circumstances we will provide you with a General Advice Warning. We recommend that you read the relevant Product Disclosure Statement (PDS) in order to determine if that product is right for you. The PDS will contain information about the particular policy which will enable you to make an informed decision about purchasing that policy.

We will provide you with further information whenever we provide you with Personal Advice which takes into account your objectives, financial situation and needs. This information may include the advice that we have given you, the basis of the advice and other information on our remuneration and any relevant associations or interests. This information may be contained in a Statement of Advice (SOA).

When you ask us to recommend an insurance policy for you, we will usually only consider the policies offered by the insurers or insurance providers that we deal with regularly. In giving you advice about the costs and terms of recommended policies we have not compared those policies to all other policies available, other than from those insurers we deal with regularly.

How can I instruct you?

You can contact us to give us instructions by post, phone, fax or email on the contact number or details included in this FSG.

Who is responsible for the financial services provided?

Coverforce Insurance Broking Pty Ltd (CIB) is responsible for the financial services that will be provided to you including the distribution of this FSG. CIB holds a current Australian Financial Services Licensee no: 302522. The contact details for CIB are included in this FSG.

In some cases our services may be provided by Authorised Representatives, Distributors or Referrers (collectively referred to as Representatives) who have been provided with specific authority to provide services on our behalf. When dealing with our Representatives as a Retail Client they will provide you with information on their relationship with us and the services they are authorised to provide. Each of our Representatives are authorised by us to issue this FSG to you on our behalf.

What kinds of financial services are you authorised to provide to me and what kinds of financial product/s do those services relate to?

CIB is authorised to deal in and provide financial product advice regarding general insurance products to retail and wholesale clients.

We will do this for you as your broker unless we tell you otherwise.

Sometimes we will act under a binder or agency from the insurer. When we act under a binder or agency we will be acting as the agent of the insurer. This means that we represent and act for the insurer, not for you. We will tell you when we act under a binder or arrangement.

How will I pay for the services provided?

For each insurance product the insurer will charge a premium that includes any relevant taxes, charges and levies. We often receive a payment based on a percentage of this premium (excluding relevant taxes, charges and levies) called commission, which is paid to us by the insurers. However, in some cases we will also charge you a fee. These will all be shown on the invoice that we send you. You can choose to pay by any of the payment methods set out in the invoice. You are required to pay us within the time set out on the invoice. We consider our remuneration is fully earned at the time the invoice is issued.

We make all attempts to provide you with the correct calculations of premium, statutory and other charges that apply to your insurance. In the event that there is an error in these amounts (either because we or a third party have made an unintentional error), we reserve the right to correct the amount. Where permitted by law, you will not hold us responsible for any loss that you may suffer as a result of any such error.

If there is a refund or reduction of your premium as a result of a cancellation or alteration to a policy, or based on a term of your policy (such as a premium adjustment provision), we will retain any fee we have charged you. We will also retain commission depending on our arrangements with the insurer, or charge you a cancellation fee equal to the reduction in our commission.



When you pay us your premium it will be banked into our trust account. We retain the commission from the premium you pay us and remit the balance to the insurer in accordance with our arrangements with the insurer. We will earn interest on the premium while it is in our trust account or we may invest the premium and earn a return. We will retain any interest or return on investment earned on the premium.

You may also pay your invoice utilising premium funding. If you do use premium funding you are able to pay your premium by instalments, although you will incur a fee and interest. Any benefit we may receive as a result of premium funding being arranged for you is set out in this document.

How are any commissions, fees or other benefits calculated for providing the financial services?

Generally we are remunerated in the following ways:

- > a commission paid to us by the relevant insurer;
- > a service fee; or
- > a combination of fees and commission.

Our commission will be calculated based on the following formula:

$$X = Y\% \times P$$

In this formula:

X = our commission

Y% = the percentage commission paid to us by the insurer. Our commission varies between 0 and 30%.

P = the amount you pay for any insurance policy (less any government fees or charges included in that amount).

Any fees that we charge you will be itemised on our invoice or statement.

If you pay by credit card we may charge you a fee which is non-refundable and reimburses us for bank fees, interests and charges associated with the use of a credit card.

If you are no longer a client of CIB, we may charge you a fee associated with the ongoing cost of managing your claims. Depending on any written agreement with us, this fee is up to \$250 per hour.

Employee remuneration

Our employees are paid a market salary and may be entitled to a performance bonus depending on the quality of work that they provide to clients during any financial year and the achievement of company goals.

Our employees may also be invited to annual conferences, receive sponsorship for conferences, functions, meals or other non-monetary benefits from external parties such as insurers, underwriting agencies or reinsurers. You do not bear the cost of these events and such relationships are managed under our conflicts of interest policy. Our policy is that any of the above received by us or our representatives that exceed \$300 per item or transaction in estimated value are potentially material and must be disclosed to our Conflicts Manager in writing.

Authorised Representatives, Distributors and Referrers

Representatives that provide financial services to you on our behalf are also remunerated. Representatives are not employees and are not paid a salary. Instead, they are paid a commission based on the remuneration that we receive (not in addition to those amounts) generally between 10% – 60%.

If you were referred to CIB by a third party we may pay that third party a referrer fee which is calculated on a percentage of the commission that we receive, generally between 10% – 60%. This does not impact on the amount that you are charged for your insurance and the services that we provide.

Premium funding

If we arrange premium funding for you we may be paid a commission by the premium funder. We may also charge you a fee (or both). The commission that we are paid by the premium funder is usually calculated as a percentage of your insurance premium (including government fees or changes). If you instruct us to arrange or issue a product, this is when we become entitled to the commission. We have preferred supplier agreements in place with Hunter Premium Funding Pty Limited and Macquarie Premium Funding Pty Ltd.

Our commission rates for premium funding are in the range of 0% to 6% of funded premium. When we arrange premium funding for you, you can ask us what commission rates we are paid for that funding arrangement compared to the other arrangements that were available to you.



The Coverforce Group and other related entities

CIB is part of a group of financial services companies including Coverforce Pty Limited (ABN 31 067 079 261) (the parent entity) and Quanta Insurance Group Pty Ltd (ABN 29 118 886 927), an underwriting agency wholly owned by Coverforce Pty Ltd. Coverforce Partners Pty Ltd (ABN 57 089 245 465) (collectively referred to as the Coverforce Group). If we recommend a product or service of a company in the Coverforce Group, we may receive benefits as a result of that referral including a share of any commission generated by that referral, dividends and in some cases a share of that entities profits.

We maintain independence by ensuring that all negotiations and discussions with entities in the Coverforce Group are conducted as if that entity was an unrelated party and the relationship between the entities does not influence us in our recommendation of a product to you. We will always recommend products to you that are an appropriate solution for your needs.

Where there is potential conflict of interest in our remuneration or arrangements generally with entities in the Coverforce Group we manage those in accordance with our conflicts of interest policy which all staff and Authorised Representatives must comply with.

Should you have any questions in relation to or remuneration please do not hesitate to contact us.

What do we do with our remuneration?

CIB utilises the remuneration it receives for a variety of purposes including:

- a. staff salaries;
- b. payments to Authorised Representatives and Referrers; and
- c. funding of normal business operating expenses including rent and IT management.

We often work closely with industry associations and unions in the development and distribution of insurance products to those industry groups. These groups often endorse and promote our products to their members. We may pay part of our remuneration to those groups or associations for their assistance and endorsement.

Do you have any relationships or associations with the insurers who issue the insurance policies or any other material relationships?

IBNA Limited t/as Insurance Brokers Network Australia (IBNA). IBNA has exclusive arrangements with insurers where they receive between 0.5% and 1.5% commission on premium placed by us with those insurers. Those payments are used to operate IBNA. As a result of our membership of IBNA we may be entitled to receive a share of the commission earned by IBNA at the end of each financial year, depending on the profitability of IBNA's performance during the year and any operating costs. As a member of IBNA we have access to member services including model operating and compliance tools, procedures, manuals and training, legal, technical, banking and recruitment advice and assistance, group insurance arrangements, product comparison and placement support, claims support and group purchasing arrangements. These member services are either funded by IBNA, subsidised by IBNA or available exclusively to shareholders for a fee.

In some instances we have agreements with various insurers to pay us a commission based on the volume of, or profitability, of work that we place with them. Some of those agreements include a profit share. Please let us know should you require more information about those insurers which we have these agreements. These arrangements do not impact on the amount you are required to pay for your insurance and does not influence us in the deciding where to place your insurance.

What arrangements do you have in place to compensate clients for losses?

CIB has a professional indemnity insurance policy (PI policy) in place that complies with section 912B of the *Corporations Act 2001*.

The PI policy covers us and our employees (both past and present) for claims made against our employees and Authorised Representatives by clients as a result of negligent conduct by us in the provision of financial services.



What information do you maintain in my file and can I access my file?

We maintain a record of your personal profile, including details of insurance policies that we arrange or issue for you. We may also maintain records of any recommendations or advice given to you. We will retain this FSG and any other FSG given to you as well as any SOA or PDS that we give or pass on to you for the period required by law.

We are committed to implementing and promoting a privacy policy, which will ensure the privacy and security of your personal information. A copy of our privacy policy is available on request. A copy is also available on our website coverforce.com.au.

If you wish to look at your file please ask us. We will make arrangements for you to do so.

Contractual liability and your insurance cover

Many commercial or business contracts contain clauses dealing with your liability (including indemnities or hold harmless clauses). Such clauses may entitle your insurers to reduce cover, or in some cases, refuse to indemnify you at all. You should seek legal advice before signing and accepting contracts. You should inform us of any clauses of this nature before you enter into them.

Making a claim

Please contact us immediately if you need to lodge a claim.

If any claims are outstanding when you terminate our appointment as your insurance broker, we will provide details of the claim(s) to your new insurance broker so that they may continue to negotiate settlement on your behalf. Alternatively, we can continue to manage your claims for you at a fee of \$250 per hour.

Duty of disclosure

Before you enter into a contract of insurance, you have a duty under the *Insurance Contracts Act 1984* to disclose to your insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept this risk and, if so, on what terms. The duty also applies when you renew, extend, vary or reinstate a contract of insurance. You do not have to disclose anything that:

- > reduces the risk to be undertaken by the insurer;
- > is common knowledge;
- > your insurer knows, or in the ordinary course of its business, ought to know; or
- > your insurer has waived your obligations to disclose.

If you do not comply with your duty of disclosure, your insurer may be entitled to reduce its liability in respect of a claim or may cancel your contract of insurance. If the non-disclosure was fraudulent, the insurer may be able to avoid (or cancel) the contract of insurance from its beginning. This would have the effect that you were never insured.

Material changes

You must also notify your insurer of any significant changes which occur during the period of insurance. If you do not, your insurances may be inadequate to fully cover you. We can assist you to do this and to ensure that your contract of insurance is altered to reflect those changes.

Cooling off period - retail insurance only

If you decide that you do not need the retail insurance which has been arranged on your behalf, you have a minimum of 14 days from the earlier of the date you receive confirmation of the contract and the date it was arranged to change your mind. You must tell the insurer in writing that you wish to return the insurance contract and have the premium repaid. If you do so, the insurance contract will be terminated from the time you notified the insurer and the premium will be returned. The insurer may retain its reasonable administration and transaction costs and a short term premium. You cannot return the contract of insurance if it has already expired or if you have made a claim under it.



What should I do if I have a complaint?

Contact us and tell us about your complaint. We will do our best to resolve it quickly.

If your complaint is not satisfactorily resolved within 14 days, put your complaint in writing and send it to the National Compliance Manager at the address noted at the beginning of this FSG. We will try and resolve your complaint quickly and fairly within 45 days of receipt and acceptance of your complaint.

CIB is a member of the Financial Ombudsman Service (FOS). If your complaint cannot be resolved to your satisfaction by us you have the right to refer the matter to the FOS. The FOS can be contacted at:

Financial Ombudsman Service
Level 12, 717 Bourke Street
Docklands VIC 3008

PO Box 3, Melbourne 3001
P 1300 780 808 | F 03 9613 6399
info@fos.org.au | fos.org.au

Any questions?

If you have any further questions about the financial services CIB provides, please contact us.

Please retain this document for your reference and any future dealings with CIB.

Changes to this FSG

Information in this document may change from time to time. We may make changes by amending the FSG and publishing an updated version on our website. You may also obtain a printed copy of the updated information by calling your broker.

Financial Services Guide

This Financial Services Guide (FSG) sets out the products and services that we offer you. It is designed to assist you in making an informed decision about whether to use any of those products or services and contains important information about:

- > how we and others are paid;
- > any potential conflict of interest we may have;
- > our internal and external dispute resolution procedures and how you can access them; and
- > arrangements we have in place to compensate clients for losses.

The information in the FSG is current at the date of issue and is general information only. In this FSG, the words “we”, “our” or “us” is a reference to Coverforce Insurance Broking Pty Ltd. “You” and “your” refer to you as our client or the insured person.

This FSG is also available on our website at coverforce.com.au.

The financial services referred to in this FSG are offered by:

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For more information

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 coverforce.com.au

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