

Financial Services Guide

A guide to our relationship with you and others

The financial services referred to in this Financial Services Guide (FSG) are offered by:

Affinity Risk Partners (Brokers) Pty Ltd ("Affinity")

ABN No: 15 091 944 580
Level 1, 1265 Nepean Highway
CHELTENHAM VIC 3192

T: (03) 8587 7777 | F: (03) 8587 7700 | E: info@affinityib.com.au

Affinity holds a current **Australian Financial Services License No: 241185**.

This FSG sets out the services that we can offer you

It is designed to assist you in deciding whether to use any of those services and contains important information about:

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

A copy of this FSG is available on our website at www.affinityib.com.au

As your insurance broker we normally act for you in providing our insurance services. We'll tell you before or at the time if we are not acting for you in providing any part of our service. For example, an insurer may give us 'binding authority' to arrange or enter into insurance products on their behalf. We could also agree to handle or settle claims on an insurer's behalf. We will inform you if we act for an insurer in this way.

Further information when personal advice is given (*Retail Clients only)

We will provide you with further information whenever we provide you with 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 other policies available, other than from those Insurers we deal with regularly.

Product Disclosure Statement (*Retail Clients only)

If you are a retail client and we offer to arrange the issue of an insurance policy to you, we will also provide you with, or pass on to you, a product disclosure statement (PDS) or short-form PDS, unless you already have an up to date PDS or short form PDS from the Insurer. The PDS or short-form PDS will contain information about the particular policy, which will enable you to make an informed decision about purchasing that policy.

****Retail Clients only***

Retail clients are individuals or those who purchase an insurance product for use in connection with a small business. However they are only designated as retail clients when they purchase a general insurance contract which has been designated as a retail product, i.e.:

- Motor vehicle
- Home building
- Home contents
- Sickness and accident
- Consumer credit
- Travel
- Personal and domestic property
- Pleasure craft
- Any other kind of insurance prescribed in the Corporations Regulations 2001.

From when does this Financial Services Guide (FSG) apply?

This FSG applies from 17th March 2014, and remains valid unless a further FSG is issued to replace it. We may give you a supplementary FSG. It will not replace this FSG but will cover services not covered by this FSG.

How can you give us instructions?

You can contact us to give us instructions by post, phone, fax or email on the contact details mentioned on page 1 of this FSG.

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

We are authorised to provide financial product advice and deal in general insurance products for wholesale and retail clients. We will do this on your behalf as your broker unless we tell you otherwise.

While cost is always important, the quality of insurance cover offered by a policy is equally important. Insurance that does not match your needs is worthless, however cheap the premium. We have many clients in similar businesses and situations with similar risks and needs. For these groups, we design and develop Affinity products (Affinity product) which combine good pricing and quality cover from reputable insurers.

We will endeavour to arrange insurance that meets your risks and needs. However, as it is you who best understands your risks and needs you should always consider the appropriateness of any advice we provide or any insurance we recommend to you before acting on our recommendations. We also rely on you for the accuracy and completeness of information you provide to us.

Finally, please note that we cannot guarantee the availability of insurance for your particular risks or the solvency of insurers.

Will I receive tailored advice?

Maybe not in all cases. However, we may need information about your personal objectives, details of your current financial situation and any relevant information, so that we can arrange insurance policies for you, or to give you advice about your insurance needs. We will ask you for the details that we need to know. In some cases, we will not ask for any of this information. If we do not ask, or if you do not give us all of the information we ask for, any advice you receive may not be appropriate to your needs, objectives and financial situation. You should read the warnings contained in any SOA, or any other warnings that we give you, carefully before making any decision about an insurance policy.

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).

The people who provide our services

We usually provide our services using Affinity employees however in some cases we may use “Authorised Representatives” or “Distributors”.

“Authorised Representatives” are third parties whom we have authorised to provide financial services on our behalf.

“Distributors” are other third parties whom we have authorised to deal in specific insurance products on our behalf. They can only provide factual information and are not authorised to provide any advice.

Our Authorised Representatives and Distributors are not employees and do not receive a salary. Instead they may be paid a percentage of the commission and/or other part of our remuneration for the financial services they provide. This percentage may range between 0 percent and 30 percent of Affinity’s remuneration.

Our correspondence with you and/or correspondence from our third party representatives will disclose if an Authorised Representative or a Distributor is providing a financial service on our behalf.

What information do we maintain about you and how can you access it?

We maintain a record of your personal profile including details of insurance policies that we arrange 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, PDS or short-form PDS that we give or pass on to you for the period required by law.

We are committed to respecting your privacy and protecting your personal information. We are bound by the Privacy Act 1988 (Cth) and the Australian Privacy Principles, along with any other applicable privacy laws and codes when collecting, using, disclosing, holding and transferring any personal information. We have ongoing practices, procedures and systems in place to ensure that we manage personal information in an open and transparent way. Further information about these practices, procedures and systems are contained in our privacy policy which can be found at www.affinityib.com.au or alternatively, a copy can be sent to you on request.

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 will 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.

In some cases, we will also charge you a broker fee. These will all be shown on the invoice that is sent to you. You can choose to pay for our services 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.



Please note that we treat our remuneration as fully earned when we issue you with a tax invoice, unless we have a written agreement with you that varies this statement. If there is a refund or a reduction of premium owed to you as a result of a cancellation, future downward adjustment or alteration to a policy, you agree that we may retain all our commission, fees and other remuneration. You also agree that the insurer and Affinity may offset such remuneration from any premium refund you are entitled to. We may also charge you a cancellation fee.

When you pay us your premium it will be banked into our trust account. We will 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.

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

The commission the Insurer pays to us will be calculated based on the formula: $P \times Y\% = X$. In this formula P = the amount you pay for any insurance policy (less any government fees or charges included in that amount). $Y\%$ = the percentage commission paid to us by the Insurer. X = Our commission. Our commission varies between 0 and 30%.

We may also charge you a broker fee in addition to commission when you enter into an insurance policy for policy invoicing, premium collection and remittance and for issuing policies and other insurance administration work. This charge will vary depending on the work involved and the complexity of the services we are providing. For retail clients this will range from \$0-\$500. For all clients the amount of any broker fee charged will be shown on your invoice.

We do not often pay any commissions, fees or benefits to others who refer you to us. If we do, we will pay commissions to those people out of the commission and fees paid to us in the range of 0 to 50% of our commission or fees.

If we give you (as a Retail client) personal advice, we will inform you of any fees, commission or other payments we, our associates or anyone referring you to us will receive in relation to the policies that are the subject of the advice at the time that the personal advice is given or as soon as practicable after that time. Where the fees, commission or other payments are not calculable at the time the personal advice is given, the manner in which the remuneration or other benefits are to be calculated will be disclosed at the time the personal advice is given or as soon as practicable after that time. See below for information on Insurance Brokers Network Australia (IBNA) and commission.

We may also provide specialised consulting and risk services to insurers for which we may receive remuneration.

We and our staff may also receive non-monetary benefits from insurers such as sponsorships of Affinity conferences and client functions and meals and entertainment. We have and monitor compliance with a policy that ensures that these do not create a conflict with your interests. Should you require further information regarding any of the above forms of indirect remuneration or benefits, please contact us.

In some cases you may need specific risk advice (such as a business interruption analysis or a valuation). We will charge a separate fee for these services, which we will agree with you beforehand.

We may also earn remuneration where we act as a wholesale broker or as agent for an insurer under a binder or cover-holder authority in respect of insurance that we may recommend to you. We will not recommend placing any insurance with such an agent or wholesaler unless it is an appropriate solution for your needs.

In some cases an insurer may quote its premium net of our commission. Where this happens we may increase the broker fee by the amount of commission that would normally apply to this type of insurance or agree a specific fee with you.



We may charge an additional administration fee for any change to the policy that necessitates us producing a further statement or invoice or a certificate of currency. We may retain this fee from any premium refund arising in connection with the policy change.

We want to be entirely transparent about our remuneration so please ask us if you want more information or have any questions.

Do we have any relationships or associations which might reasonably influence us?

Insurance Brokers Network Australia

We are an Insurance Brokers Network Australia (IBNA) Broker. IBNA has exclusive arrangements with some insurers and premium funders (Partners) under which IBNA will receive between 0.5 - 1% commission for each product arranged by us with those Partners.

As an IBNA member, 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 IBNA Network Brokers for a fee.

You can obtain a copy of IBNA's FSG at www.ibna.com.au

Premium Funding Companies

We may offer to arrange premium funding to help spread the cost of your insurance premiums over the year. Please note that we offer and arrange premium funding as agent for the premium funder and not as your credit provider or finance broker. We may also act as the premium funder's agent in cancelling any insurance where you have failed to meet your repayment obligations.

If we arrange premium funding for you, we may be paid a commission by the premium funder. 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 premium funding for you, this is when we become entitled to the commission.

Commission rates for premium funding are usually in the range of 0 to 5% of funded premium. When we arrange premium funding for you, you can ask us what commission rate we are paid for that funding arrangement compared to the other arrangements that were available to you. The amount we are paid is set out in the premium funding contract. Some premium funders may pay us a volume bonus commission based on the volume of business we place with them.

Cooling off Period (applies for *Retail clients only)

A cooling off period may apply to an insurance policy issued to you as a retail client*. During the period you may return the policy. Details of your cooling off rights will be included in the relevant Product Disclosure Document.

What should I do if I have a complaint?

We are committed to providing quality services to our clients. This commitment extends to giving you easy access to people and processes that can resolve a service issue or complaint. If you have any complaints about the service provided to you, you should take the following steps.

Contact us about your complaint. If your complaint is not satisfactorily resolved within 24 hours, please contact Affinity's Complaints Officer on telephone number (03) 8587 7760 or put your complaint in writing at



info@affinityib.com.au or send it to us at Complaints Officer, Affinity Insurance Brokers, PO Box 601, Moorabbin VIC 3189. Please mark the envelope "Notice of Complaint". We will aim to provide you with a response to your complaint within 21 days.

If we are unable to resolve your complaint we will refer your complaint to the insurer's dispute handling department who will aim to provide you with a response within 21 days. You may also seek an external review of your complaint by the Financial Ombudsman Service (FOS), a free consumer service. FOS can be contacted on 1300 780 808, Email info@fos.org.au or website www.fos.org.au

What arrangements are in place to compensate clients for losses?

In accordance with the requirements of the Corporations Act, Affinity Risk Partners (Brokers) Pty Ltd maintains adequate Professional Indemnity Insurance. This insurance cover extends to claims in relation to our conduct as an Australian Financial Services licence holder and our employees and representatives both past and present, to compensate clients or their beneficiaries for loss or damage suffered if we provide negligent advice.

Conflicts of interest

Conflicts of interest may arise in circumstances where some or all of your interests as our client are, or may be, inconsistent with some or all of our interests. We have a conflicts of interest policy and procedure, including training and monitoring, to ensure we are aware of and manage any conflicts of interest. Our company, staff and our representatives must comply with this policy and procedure. Where a conflict is unavoidable we will consult with you and manage the conflict in such a way so as to avoid prejudice to any party.

What do we do with our remuneration?

A large part of the remuneration we receive pays for the salaries and wages of our staff and remuneration we may pay to our Authorised Representative and Distributors. Our remuneration also funds normal business expenses such as rent and technology. We often work closely with a trade or industry association in developing and distributing certain insurance products. Sometimes these associations endorse the insurance product we offer to their members. We may pay part of our remuneration to an association for their assistance or endorsement.

We also have relationships with other businesses which, when they consider it appropriate, will recommend Affinity and our services to their clients. We may pay part of our remuneration to these referrers in recognition of this introduction.

Premium and Invoice Calculations

We adopt industry practice in calculating local statutory charges. All amounts referred to in our invoices, unless stated otherwise, are to be treated as exclusive of GST. Where the invoice is for a foreign currency amount, any applicable GST is converted to Australian dollars at the exchange rate published by the Reserve Bank of Australia at 4pm on the business day prior to the date of the invoice. We make every effort to correctly determine the premium and statutory charges that apply to your insurance however, occasionally errors can occur. We may correct any such error and (except to the extent prohibited by law) we will not be responsible for any loss you suffer as a result of the error and its correction.

Insurance Brokers Code of Practice

Affinity Risk Partners (Brokers) Pty Ltd is a member of the National Insurance Brokers Association and is bound by the Insurance Brokers Code of Practice ("the Code"). The Code sets out the minimum service standards that you can expect from us. It commits us to high standards of customer service, a free and transparent complaints



and compliance review process and to abide by any binding sanctions imposed on us under the Code for any breach. More information about the Code of Practice can be accessed online at www.nibacodeofpractice.com.au

Any Questions?

If you have any further questions about the financial services we provide, please contact us on phone number (03) 85877777. Please retain this document for your reference and any future dealings with us.

ADDITIONAL IMPORTANT INFORMATION

New Business

We will endeavour to arrange interim cover for property or risk not currently insured when you supply full details of the property or risk and all information requiring disclosure to the Insurer. A proposal may need to be completed by you and then submitted by us to the Insurer prior to expiry of the interim cover.

It is your (the Insured's) responsibility to ensure the accuracy of all information supplied on the proposal prior to signing the document. The policy document issued by the Insurer forms the agreement between you and the Insurer. Upon receipt of this document we recommend you check the details thoroughly to ensure the cover meets your requirements.

Renewals

We will give at least fourteen days notice of expiry of any cover administered by us. We do not accept responsibility for policies not administered by us. We may automatically renew those policies being administered as per policy expiry details.

Policy Alteration/Endorsement

Please contact us should you require alteration to details of the insured, Insured property or risk. You have a Duty of Disclosure which requires details of relevant matters be disclosed to the Insurer, which have not been previously disclosed. An invoice will be issued to confirm the alteration we have effected with the Insurer.

Terms of Payment

When we arrange, renew or vary cover on your behalf, we will invoice you for the premium, statutory charges (e.g. stamp duty, fire services levies, GST, etc.) and our brokerage &/or fees. Invoices must be paid to us by the expiry date or within fourteen (14) days of receipt, unless otherwise stated. Payment options will be detailed on the invoice and/or covering letter.