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## FINANCIAL SERVICES GUIDE

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This document is a Financial Services Guide (FSG) issued to you by AFA Insurance Brokers Pty Ltd, Australian Financial Services Licensee Number 243506.

Our contact details are:

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This FSG is intended to assist you to decide whether you wish to use our services and contains important information about:

- Other documents you are entitled to receive
- Which financial services we are authorised to provide to 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 we have in place to compensate clients for losses

### **Other documents you are entitled to receive**

#### **Product Disclosure Statement**

If you are a Retail client and we arrange an insurance policy for you, or if we recommend you buy a particular insurance policy, we will give you a Product Disclosure Statement (PDS), unless you already have an up to date PDS from the insurer. The PDS is prepared by the insurer and is designed to give you important information regarding the insurer and the policy.

#### **Statement of Advice**

If you are a Retail client purchasing a Personal Accident and Illness policy you will receive a Statement of Advice (SoA) whenever we provide you with personal advice regarding this product. The SoA will contain our advice, the basis of our advice, and information on any remuneration, associations or other interests which might reasonably have influenced us in giving our advice. The SoA will assist you to make an informed decision about your insurance needs.

#### **Record of Further Advice**

If you are a Retail client purchasing a prescribed product and you have not already been provided with a copy of our advice, you may request a record of details regarding our advice. To do so, please contact our office by telephone, email or fax. This information is kept on file for 7 years.

### **From when does this FSG apply?**

This FSG applies from **12th October 2010** and remains valid unless a further FSG is issued to replace it. We may give you a supplementary FSG; however it will not replace this FSG but will cover any services not covered by this FSG.

### **Who is responsible for the financial services provided?**

AFA Insurance Brokers Pty Ltd is responsible for the financial services that will be provided to you or through you to your family members. AFA Insurance Brokers Pty Ltd is also responsible for the distribution of this FSG.

When we provide you with financial services we will act on your behalf. We provide the service for our clients, and that is YOU. As your Insurance Broker we are acting on YOUR behalf in attempting to secure the quality insurance covers that you need.

### **How does a client instruct AFA Insurance Brokers Pty Ltd?**

If you require assistance from AFA Insurance Brokers Pty Ltd in obtaining general insurance advice you can give us instructions by telephone, in writing, via post, email or fax or in person. Our full contact details are provided above.



***What types of financial services is AFA Insurance Brokers Pty Ltd authorised to provide and what kinds of financial products do those services relate to?***

AFA Insurance Brokers Pty Ltd is authorised to advice and deal in general insurance products to wholesale and/or retail clients. We will do this for you as your broker unless we tell you otherwise.

***Will AFA Insurance Brokers Pty Ltd provide advice tailored advice?***

AFA Insurance Brokers Pty Ltd aims to provide tailored advice wherever possible based on the information provided by the client. To do this we need your assistance by completing a needs analysis. This provides us with information about your personal objectives, details of your current financial situation and any other relevant information needed to give you advice in regard to your insurance needs. This is called personal advice. We will only ask you for the details we need to know.

Where we provide you with advice about your insurance arrangements, that advice is current at the time that we give it. We will review your insurance arrangements when you inform us about changes in your circumstances.

In some cases it may not be possible to ask for any of this information or you may not be in a position to provide it to us. If we do not ask, or if you do not give us all the information we ask for, the advice you receive may not be appropriate to your needs, objectives or financial situation. This is called general advice. We will advise you when this is the case. You should carefully read the PDS and any other documents we give you before making a 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.

***What influences our recommendations?***

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 we deal with regularly. We do not deal with all insurers or consider all available products. We select the insurers that we deal with and the products that we recommend based on research and our knowledge of factors such as product terms and conditions, price and the insurer's claims handling track record.

***How does a client pay AFA Insurance Brokers Pty Ltd for the services provided?***

Clients can choose to pay by any of the payment methods set out in the invoice, including cash, cheque, direct debit, and also by premium funding or credit card. Invoices are to be paid within the timeframe set out on the invoice.

If there is a refund of premium owed to you as a result of a cancellation or alteration to a policy, we will retain any fee we have charged you. We may also retain commission depending on our arrangements with the insurer.

***How does AFA Insurance Brokers handle premiums received from clients?***

When you pay us your premium it will be banked into our trust account as required by Law. This account is subject to periodic audit. 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.

***How is AFA Insurance Brokers remunerated for providing you with our services?***

AFA Insurance Brokers Pty Ltd has various sources of income when it arranges your insurance program and brief details are provided below.

- To cover administration costs AFA Insurance Brokers Pty Ltd charge a standard Broker Fee. However, this is dependant on time spent on your account. This amount will be clearly shown on your invoice.
- When we place insurance cover for you, AFA Insurance Brokers Pty Ltd may obtain from your insurer, a percentage of the premium you pay. This is known as the brokerage or commission.

This commission is usually calculated as a percentage of your insurance premium (less government fees or changes). The commission percentage ranges from 0% to 25% depending on the type of policy. If you instruct us to arrange a product, this is when we become entitled to the commission.



- We may be entitled to receive additional commission where we use an electronic data interface (Sunrise) to process your policy with certain underwriters. Where this is the case, the amount will be disclosed to you in either our Important Information document or Statement of Advice (SOA).
- If we refer you to a Financial Planner, Authorised Representative with whom we have a referral arrangement, we may be entitled to receive a referral fee or commissions from them. We do not often pay any commissions, fees or benefits to others who refer you to us or refer us to an insurer. If we do, we will pay commissions to those people out of our commission or fees (not in addition to those amounts).
- Our employees, who will assist you to arrange the recommended policy, will receive a market salary. Account Managers will receive an additional incentive on new Business written of approximately 30% of the commission. Directors of AFA Insurance Brokers are also entitled to profit share payments.
- 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 (less government fees or charges). If you instruct us to arrange or issue a product, this is when we become entitled to the commission. 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.
- AFA Insurance Brokers Pty Ltd may from time to time receive some form of material benefit (such as tickets to sporting events, movies, meals, bottles of wine, hampers) from its insurance contacts. The receipt of these benefits is not based upon the volume of business placed with the provider but is more of an ad hoc reward. The total maximum value of these during any calendar year does not exceed \$1,000. Details of these are available on a specially maintained Register which is available for your viewing. Please ask if you wish to view our register

If you require further details regarding the remuneration we may receive, to assist you with making a decision to deal with AFA Insurance Brokers, you can contact our office by telephone, email or mail within 7 days of the receipt of this FSG and this information will be provided to you in writing.

If we are instructed to arrange a policy for you where we have provided you with personal advice as a retail client purchasing a prescribed product, full details regarding the remuneration that we and our associates are to be paid will be clearly detailed in the SOA or the Important Information regarding our Advice attachment.

***Does AFA Insurance Brokers Pty Ltd have any relationships or associations with the insurers who issue the insurance policies or any other material relationships?***

**Steadfast:** AFA Insurance Brokers is a shareholder of Steadfast Group Limited (Steadfast). Steadfast has exclusive arrangements with some insurers under which Steadfast will receive between 0.5% – 1.0% marketing and administration fee for each policy arranged by us with those insurers. These payments are used to operate Steadfast. Depending on the operating costs of Steadfast (including the costs of member services provided by Steadfast to us and other Steadfast shareholders) and the amount of total business we place with the participating insurers in any financial year, we may receive a proportion of that fee at the end of the financial year.

As a shareholder of Steadfast AFA Insurance Brokers has 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 Steadfast, subsidised by Steadfast or available exclusively to shareholders for a fee.

Steadfast is also a minority shareholder in Miramar Underwriting Agency Pty Limited (Miramar). As a shareholder, Steadfast may receive dividends from Miramar. These amounts will indirectly contribute towards the benefits we receive from Steadfast.

Steadfast has a shareholding in Macquarie Premium Funding. If we arrange premium funding with Macquarie Premium Funding for you, under this agreement, Steadfast will receive 0/5% of your insurance premium (including Government fees or charges). As an equity shareholder of Macquarie Premium Funding, Steadfast may also receive dividends from profits of Macquarie Premium Funding. The amount of the Steadfast dividend is based on the share of the profit attributable to funding arranged by Steadfast shareholders. The payments (commission and dividends) that Steadfast receives from Macquarie Premium Funding are used to operate Steadfast. Depending on the operating costs of Steadfast and the amount of total business we place with Macquarie Premium Funding in any financial year, we may receive a portion of those amounts at the end of each financial year. You can obtain a copy of the Steadfast FSG at [www.steadfast.com.au](http://www.steadfast.com.au)



**CQIB:** AFA Insurance Brokers is also a member of the Council of Queensland Insurance Brokers Inc (CQIB) and may receive indirect benefits from arranging cover for CQIB branded products. CQIB negotiates with certain insurers to issue enhanced products with broader cover for the clients of CQIB members. CQIB may receive royalties and/or sponsorship from the insurers depending on the continued support from members. CQIB also receives sponsorship from Insurers and other service providers for its annual convention and monthly member meetings. These royalties and sponsorships also provide members Education programs which offer opportunities for members to enhance their skills and knowledge.

***What information is maintained on your file and can you examine your file?***

We maintain a record of your company (or personal) profile which includes your insurance requirements and details of any recommendations we provide in relation to your portfolio. If you wish to examine your file, please ask us, and we will make arrangements for you to do so.

***Is your personal information safe with us?***

We are governed by the Federal Privacy Amendment Act 2000 and its National Privacy Principles, which set out the standards for the collection, use, disclosure and handling of personal information. With your consent, AFA Insurance Brokers Pty Ltd can only use your personal information to assist you in obtaining the appropriate insurance covers required.

Your personal information will only be used by us in this manner. [Full details of our Privacy Policy are available upon request.](#)

***What can you do if you are not happy with your policy?***

Under new legislation all 'Retail Products' are subject to a 14 day 'cooling off' period. This means that if you are not happy with the product you have 14 days to withdraw from the contract within that time. Full details of the cooling off period can be found on the PDS which we will provide to you.

If this is the case, please ensure that you inform us of your decision immediately to assist in the appropriate notification to the insurer.

***What do you do if you have a complaint about AFA Insurance Brokers Pty Ltd, the services provided by AFA Insurance Brokers Pty Ltd or one of its employees?***

If you have a complaint about AFA Insurance Brokers Pty Ltd or a member of our staff you can lodge your complaint by contacting our office and asking to speak with the Complaints Officer. We will do our best to resolve it quickly and fairly.

If your complaint is not satisfactorily resolved within 21 days, please put your complaint in writing and send it to The Complaints Officer. Full address details are on Page 1 of this FSG. You will be contacted within 1 working day of receipt of your letter.

AFA Insurance Brokers is a member of the Financial Ombudsman Service Limited (**FOS**). If your complaint cannot be resolved to your satisfaction by us you have the right to refer the matter to FOS. FOS can be contacted on 1300 780 808 or at [www.fos.org.au](http://www.fos.org.au)

***What arrangements does AFA Insurance Brokers Pty Ltd have in place to compensate clients for losses?***

AFA Insurance Brokers Pty Ltd has a Professional Indemnity Insurance Policy (PI Policy) in place.

Our PI Policy covers us and our employees for claims made against us and our employees by clients as a result of the conduct of us or our employees in the provision of financial services.

Our PI Policy will cover us for claims relating to the conduct of our employees (during the period employed by AFA Insurance Brokers Pty Ltd) who no longer work for us.

***Any questions?***

If you have any further questions about the financial services provided by AFA Insurance Brokers Pty Ltd, please contact us.

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

END OF FSG