



AIIB Pty Ltd

Insurance Brokers & Risk Managers

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Member of National Insurance Brokers Association

FINANCIAL SERVICES GUIDE (FSG)

This FSG was prepared on 21st March 2016

This Financial Services Guide contains information about our services and charges, your rights as a client and other things you need to know in relation to insurance matters including how any complaints you may have will be dealt with.

We trust it will assist you in deciding whether to use our services.

If you ask us to act as your general insurance broker, we will do so on the terms set out in this Guide. Unless you tell us otherwise in writing, we assume that you agree with these terms. If there is any change to these terms, we will also provide you with a Letter of Engagement which, together with this Guide, will record the basis of our relationship.

You might also receive some other documents after or at the time we advise you about your insurance needs including:

- Statements of Advice (SOA) - these will be summaries of our advice and the basis on which it was provided;
- Product Disclosure Statements - these will contain information about the products we recommend to you; and
- Confirmation notices - these will confirm the details of transactions we have arranged on your behalf.

If you need more information or have any questions, please feel free to telephone us.

ABOUT US

AIIB Pty Ltd holds Australian Financial Services Licence No 238773 under the Corporations Act 2001 to provide general insurance broking services.

AIIB Pty Ltd is a member of the National Insurance Brokers Association. We subscribe to the Insurance Brokers' Code of Practice.

OUR SERVICES

We offer a range of services to assist you to protect your assets. These include:

- Reviewing and advising on your insurance needs
- Arranging and renewing insurance contracts on your behalf
- Arranging premium funding, if required
- Assisting with insurance claims
- Prepare Survey Reports
- Provide Risk Management assistance
- Advise on Underwriter requirements

We can advise about and arrange the following insurances on your behalf:

General Insurance Products

To enable us to provide advice which is appropriate to your circumstances, we will need you to provide us with complete information about the risk(s) to be insured, your situation and your needs and objectives. You should also tell us about any relevant changes as they occur.

If you are unable or choose not to provide some information to us, we will be unable to comprehensively review your circumstances. As this may limit our ability to make appropriate recommendations, you will need to assess the appropriateness of our advice to your needs before acting on it.

IMPORTANT RELATIONSHIPS

- AIIB Pty Ltd is a privately owned insurance advisory firm
- AIIB Pty Ltd is a member of the IBNA Group which is a group owned by the member brokers to provide services to assist in the placement of insurance. IBNA has entered into a Joint Venture arrangement with AUB Group Ltd with the

combined entity being AIMS. AIMS provides distribution, marketing and training services to its members. AIMS receives commission from some insurers and premium funders on selected products arranged by its members of up to 1% which is used to fund its operation and services to us.

- AIIB Pty Ltd is not otherwise influenced in the selection of an insurer for you.

HOW WE WILL LOOK AFTER YOUR INSURANCE NEEDS

You can provide us with instructions in person, by telephone, email or in writing.

New Business

Contact us as soon as possible if you need cover for a risk or property that is not insured. If you need immediate cover, we can often obtain an interim contract of insurance (which is generally valid for a month or less). To arrange this, we will need details of the property or risk and all other information which you need to disclose to the insurer.

We will then send you a proposal for completion. You will need to complete and sign this and return it to us as soon as possible and before the interim cover expires.

We will send the original insurance contract documents as soon as they are issued correctly by your insurer. As these are legal documents, you should keep them in a safe place.

Renewals

We will give you at least 14 days notice of expiry of any insurance contract which we arranged or last renewed for you.

At that time we will send you an offer to renew the insurance contract and invoice you for the cost of renewal. If you want to change the details of the cover, contact us as soon as you receive the renewal offer. If you wish us to renew the contract on your behalf, you must provide us with written instructions to do so and/or pay the premium and other charges before the date shown on the invoice.

In some circumstances we may be able to arrange for the insurer to cover you temporarily before payment is received, but we cannot guarantee this.

We will notify you when renewal has been effected.

If you arranged or renewed insurance directly with an insurer or through another broker, we will not be responsible for notifying you of expiry or arranging renewal unless you ask us to do so.

Variations

You should carefully monitor and review that your insurance contract is adequate to cover your assets or business activities.

If you want to vary any cover, e.g. by increasing the sum insured or adding other property, please provide us with details of the changes you require and any other information you need to disclose to the insurer.

We will arrange the variation with the insurer and provide you with written confirmation.

Claims

We will receive your claims notifications, assist and advise you regarding the scope of cover and pass the information to the insurer.

If a loss adjuster is appointed we shall, with your permission, pass on your contact details and co-ordinate meetings. In the case of a major loss, we can attend the initial meeting with the loss adjuster if you wish us to.

We will promptly forward to you all claims documentation, insurance company settlement cheques and other information.

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 if requested to do so.

FEEES FOR OUR SERVICES

You are entitled to know how and what we will charge for our services and what other benefits we receive.

Our remuneration

We may be paid commission by the relevant insurers when we arrange insurances on your behalf. As a general rule, the

insurer will pay us an amount based on a percentage of the base premium. On average, the percentage rate ranges between 0% and 30%. If we accept a commission, we may also charge you an arrangement fee.

For 'IBNA/AIMS sourced' insurance products, we are paid up to 1% of the base premium as additional commission for the insurer.

We will provide you with specific information about the basis and amount you will be charged before or at the time we arrange your insurance.

We may be eligible for other pecuniary benefits such as:

- An Intermediary Profit Share.

We have entered into a profit share agreement with QBE Intermediary Distribution and Zurich Australia Insurance Limited. Provided that we meet certain criteria, including profitability, we will receive additional commission by way of a profit share bonus. This will be a payment from QBE Intermediary Distribution based on:

- the profit that they earn on certain business; and/or
- the volume of certain business we provide to them,

Within an agreed period. It may be a percentage of the profit (or levels of profit) or an agreed amount depending on the level of profit achieved. It is paid on or around 31 March each year, commencing in 2007.

Our charges include GST. Some of our charges may be tax deductible.

If we hold your money in trust pending payment to the insurer, we also receive the interest earned.

How are our advisors paid

We have two types of available advisors, Representatives and Authorised Representatives (Stephen McGrath, AR Number 296824)(Anthony Bourke, AR Number 315006).

Our Representatives are usually paid in two ways, salary, and a bonus incentive which results from the efficient operation of AIIB Pty Ltd. Some Representatives may receive up to 30% of the commission and broker fee that we earn on each policy.

Our Authorised Representatives are either remunerated by an annual contract figure and also a bonus incentive which results from the efficient operation of AIIB Pty Ltd or through a commission and fee split to be advised at the time of policy placement.

If a person has referred you to us, we may pay them a part of any fees or commission received. This will not increase the amount you pay us.

If you are a Retail Client and receive Personal Advice full remuneration details will be disclosed in the SOA or invoices that relate to the advice.

TERMS OF PAYMENT

Invoices

We will invoice you for the premium, statutory charges (e.g. stamp duty, fire services levy, etc.) and any fees we charge for arranging your insurances. You must pay us within 21 days of the date of the invoice or, in the case of a renewal, before the expiry date of the contract of insurance.

If you do not pay the premium on time, the insurer may cancel the contract of insurance and you will not be insured. The insurer may also charge a short term penalty premium for the time on risk.

Premium Funding

Premium funding products enable you to pay your premiums by instalments. Although they do not usually require any security, premium funders do charge interest.

We can arrange premium funding on your behalf if you require it. We may receive a commission based on a percentage of the premium from the premium funder for doing so. We will tell you the basis and amount of any such payment if you ask us.

Credit Card

If you pay by credit card we may charge you a credit card (incl. arrangement & handling) fee, which is disclosed and shown separately on our invoices, they are non-refundable. This fee covers the cost of bank charges etc. associated with such facilities.

Cancellation and Refund of Premiums

We cannot cancel a contract of insurance without written instructions from a person(s) who is authorised to represent each of the parties who are named as insureds in the contract of insurance. We cannot cancel any contract of insurance which is subject to the Marine Insurance Act 1909.

In the event of any refund premiums being allowed for cancellation or adjustment for an insurance policy, we will refund the net premium we receive from the insurer. We will not refund our fees or commission for arranging the insurance.

IMPORTANT INFORMATION

Retail Clients

Under the Corporations Act 2001 (The Act) Retail Clients are provided with additional protection from other clients. The Act defined Retail Clients as:

Individuals or a manufacturing business employing less than 100 people or any other business employing less than 20 people And that are purchasing the following types of insurance covers:

Motor Vehicle, home building, contents, personal and domestic, sickness/accident/travel, consumer credit and other classes as prescribed by regulations.

Some of the information in this FSG only applies to Retail Clients and it is important that you understand if you are covered by the additional protection provided.

Duty of Disclosure

Before you enter into a contract of general insurance and up until the commencement of the insurance, you have a duty, under the Insurance Contracts Act 1984, to tell the underwriter of anything that may affect the underwriters' decision whether to insure you and on what terms. You must tell the underwriter about anything that you know, or could be reasonably expected to know taking into account the nature and extent of the insurance cover to be provided and the class of persons who would ordinarily be expected to apply for such insurance cover.

For Eligible Contracts (Eligible Contracts involve individuals purchasing insurance for *motor vehicles with carrying capacity under 2 tonne, motorcycle, home building and contents, residential strata, travel, personal accident and sickness and consumer credit*) *the above duty only applies to questions asked of you by the underwriter.* In answering any such questions you must tell them anything that you know and that a reasonable person in the circumstances would include.

You have the same duty before you renew, extend, vary or reinstate an insurance contract. You do not need to tell the underwriter anything that:

- reduces the risk to be insured or that is of common knowledge;
- the underwriter knows or, in the ordinary course of business, ought to know;
- the underwriter has waived your duty to tell them about.

Non-Disclosure

If you do not tell the underwriter anything you are required to, they may cancel your contract or reduce the amount they will pay you if you make a claim, or both. If your failure to tell the underwriter is fraudulent, they may refuse to pay a claim and treat the contract as if it never existed.

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 (for Retail Insurance only)

If you decide that you do not need a contract of 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.

Privacy

We are committed to protecting your privacy. We use the information you provide to advise about and assist with your insurance needs. We only provide your information to the insurance companies with whom you choose to deal (and their representatives). We do not trade, rent or sell your information.

You can check the information we hold about you at any time. For more information about our Privacy Policy, please ask us for a copy.

Electronic Delivery of Disclosure Notices

Please note that where possible we prefer to provide all correspondence and disclosure notices (including Financial Services Guides and Product Disclosure Statements) to you electronically, via email or links to websites etc. If you have provided your email address to Us we will typically use that email address for all correspondence and disclosure notices. Should you not wish to be sent disclosure documents electronically please advise us and we will update our records accordingly.

Wholesale Broker Information

In some cases we use the services of a Wholesale Broker to access products that are not available to us directly from the underwriter. You can identify where we have used a Wholesale Broker as the invoice will show that the policy is written via another Insurance Broker. This situation usually arises where the Wholesale Broker has developed a specialised product and competitive pricing for risks that are not commonly available from most insurers. This means we are not dealing with the end insurer directly but via the Wholesale Broker. All Wholesale Brokers are required to hold an Australian Financial Services Licence and to place all client funds received into a Trust Account and are required to meet the same high standards in the delivery of their services that apply to us. Importantly all claims will be the ultimate responsibility of and paid for by the end insurer.

Sums Insured - Average and Co-Insurance

Some insurance contracts require you to bear a proportion of each loss or claim if the sum insured is inadequate to cover the amount of the loss. These provisions are called 'average' or 'co-insurance' clauses.

If you do not want to bear a proportion of any loss, when you arrange or renew your contract of insurance, you must ensure that the amount for which you insure is adequate to cover the full potential of any loss. If you insure on a new for old basis, the sum insured must be sufficient to cover the new replacement cost of the property.

Interests of other Parties

Some insurance contracts do not cover the interest in the insured property or risk of anyone other than the person in the contract. Common examples are where property is jointly owned or subject to finance but the contract only names one owner or does not name the financier.

Please tell us about everyone who has an interest in the property insured so that we can ensure that they are noted on the contract of insurance.

Waiver of Rights

Some insurance contracts seek to limit or exclude claims where the insured person has limited their rights to recover a loss from the person who was responsible for it, e.g. by signing an agreement which disclaims or limits the liability of the other party.

Please tell us about any contracts of this type which you have or propose to enter into.

Standard Covers

The Regulations to the Insurance Contracts Act set out standard terms for the cover which is provided by motor vehicle, home buildings, home contents, sickness and accident, consumer credit and travel insurance (including a minimum amount of insurance).

If an insurer wants to alter these terms or offer less than the minimum amount of insurance they must clearly inform you in writing that they have done so. They can do this by providing you with a Product Disclosure Statement or a copy of the insurance contract.

Unusual Terms

If an insurer wants to rely on a term in a contract of insurance which is not usually included in contracts that provide similar cover, they must clearly inform you in writing of that term. Again, they may do so by providing you with a copy of the insurance contract.

Professional Indemnity Insurance

For your added protection we also hold a Professional Indemnity Policy. This policy is designed to pay claims by Third Parties (including our clients) arising out of our Professional Negligence. The policy has a minimum cover of \$1M for any one claim

with the additional protection of providing for a further two claims (again with a minimum cover of \$1M each) in the same policy year. The policy extends to cover us for work done for us by representatives/employees after they cease to work for us and satisfies the requirements for compensation arrangements under Section 912B of The Act

Conflicts of Interest

As a business we have relationships with and receive income from various third parties as detailed in this FSG. For Retail Clients receiving Personal Advice, details of relationships that impact the advice will be included in any SOA or invoice documentation we send you. All material conflicts that impact our advice, that are not mentioned in this FSG, will be advised to you on the invoices related to that advice.

COMPLAINTS AND DISPUTES

If you are not fully satisfied with our services, please telephone our Disputes Officer, Stephen McGrath on (02) 9683 7233. We will acknowledge your complaint in writing and endeavour to resolve your problem within 20 days.

If you are still not satisfied, we subscribe to the Financial Ombudsman Service Australia (FOS) which handles complaints against brokers involving amounts up to \$150,000 and relating to a variety of small business and domestic processes. You can refer your complaint to the FOS Consumer Relations Manager for who will conciliate with a view to seeking a solution that is acceptable to both parties.

If the dispute remains unresolved after a further 20 days, it will be referred to the FOS Referee whose decision is binding on us (but not on you).

Further information about the FOS is available from our office or they can be contacted on 1800 367 287.