

Financial Services Guide (FSG)



This is an important document. Please read it carefully and keep it in a safe place. This FSG (date of preparation 1 February 2009) is designed to assist you in deciding whether to use any of the services outlined in it. It contains information about the remuneration we receive and how any complaints you may have will be handled. It replaces any previous FSG issued to you by us.

ABOUT US

Elkington Bishop Molineaux Insurance Brokers Pty Ltd (EBM) ABN 31009179640 holds Australian Financial Services Licence No 246986 under the Corporations Act 2001 to provide insurance broking services.

EBM is a member of the National Insurance Brokers Association of Australia (NIBA) and subscribes to the General Insurance Brokers' Code of Practice.

OUR SERVICES

We offer a range of services to assist you in protecting your assets and against liabilities.

These include:

- Arranging and renewing insurance contracts on your behalf;
- Assisting with claims;
- Arranging premium funding; and
- Risk management advice.

We assist our business and corporate clients by advising on insurance appropriate to your needs. For our private clients, we will not offer advice specific to your needs, but we will offer you general advice on the insurance products available.

We can arrange all forms of insurance, including life insurance. Where you choose to acquire insurance, you may receive a Product Disclosure Statement that outlines the benefits and exclusions of the policy.

More detailed information about our services appears under the heading 'How We Will Look After Your Insurance Needs' on page 2.

IMPORTANT RELATIONSHIPS

- EBM is one of the largest privately owned insurance and risk management advisory firms in Australia.
- EBM holds a binding authority from a number of insurers to issue contracts of insurance relating to home buildings,

motor vehicles, household goods and personal property, and personal accident. We also have authority to deal with or settle claims on behalf of the insurer in relation to some home building policies. When we arrange insurance or deal with claims under one of these binders, we will be acting as the agent of the insurer, not as your agent. The insurance that we offer under binders changes from time to time and we will always tell you when the product we are offering you is provided under a binder.

COMPLAINTS AND DISPUTES

If you are not fully satisfied with our services, please telephone our Complaints Manager. 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 Financial Ombudsman Service (FOS), which handles complaints against brokers relating to a variety of small business and domestic matters. You can refer your complaint to a FOS Case Manager, who will conciliate with a view to seeking a solution that is acceptable to both parties. This is a free consumer service. The FOS is contactable on 1300 780 808 or info@fos.org.au

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 FOS is available from our office or on their website at www.fos.org.au

PROFESSIONAL INDEMNITY INSURANCE

EBM has professional indemnity insurance in place which covers us and our employees for any errors or mistakes relating to our insurance services. This insurance is in accordance with the requirements of the Corporations Act and meets claims relating to an employee even after they cease to be an employee, provided that the insurer is notified of the claim when it arises and this is done within the relevant policy period.



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FEEES FOR OUR SERVICES

Our Remuneration

We usually receive a commission from the insurer of 0 to 19% of the premium payable (including taxes and charges) when we arrange your insurance. A portion of this payment relates to back office administration expenses that we pay which would otherwise be incurred by the insurer. We may also charge a broker fee. The amount of any fee we charge depends on the complexity of your insurance needs, the size of your account and whether we receive commission from the insurer in relation to the policy you are acquiring. We will provide details of the fee when arranging your insurance.

In addition, from time to time some insurers with whom we arrange a large amount of business pay us a commission based on the performance of the portfolio of business we place with them. We only receive this commission if we meet the underwriting target.

None of the payments we receive increase the amount you are required to pay for your insurance.

We receive the interest earned on all premium money that we hold on trust pending payment to the insurer.

If you ask us to arrange Premium Funding, we may receive a commission for this of between 0 to 2% of the amount funded. If we use Sovereign Finance we do not receive a commission as Sovereign Finance is a related company of EBM.

How Are Our Insurance Brokers Paid?

Our insurance brokers are paid a salary and may receive a bonus based on their performance. If you have been referred to us, we may pay the referrer a part of any fees or commission received. This will not increase the amount you pay us.

HOW WE WILL LOOK AFTER YOUR INSURANCE NEEDS

You can provide us with instructions in person, by telephone, email, facsimile 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 usually obtain an interim contract of insurance (which is generally valid for a month or less). To arrange this, we will need details of the risk or property 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 to you as soon as they are issued correctly by your insurer. As these are legal documents, you should keep them in a safe place.

Renewals

Your insurers will give us at least 14 days notice of expiry of any insurance contract which we arranged or last renewed for you. Unless you tell us otherwise, we will automatically renew your insurances to ensure you continue to be covered. We will invoice you for the renewal premium. If you want to change the details of the cover, contact us as soon as you receive the renewal invoice. If you do not wish to renew the contract, you must provide us with written instructions.

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 of those policies unless we have since been appointed as your broker in respect to them.

Variations

You should regularly monitor and review that your insurance contracts are adequate to cover your assets and potential liabilities.

If you want to vary any cover, eg by increasing the sum insured or adding other property, please provide us with details of the changes you require and any other information that needs to be disclosed 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 adjustor is appointed we shall pass on your contact details and co-ordinate meetings. In the case of a major loss, we can attend meetings with the loss adjustor 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.

TERMS OF PAYMENT

Invoices

We will invoice you for the premium, statutory charges (eg stamp duty, fire services levy, GST) and any fees we charge for arranging your insurances. You must arrange premium funding or pay us within 30 days of the date of the invoice.

If you do not pay the premium on time, we will inform the insurer that you have not done so. The insurer then has the right to cancel the contract of insurance. For new insurances, this means that you will not be insured from the date the cancellation takes effect. The insurer may also charge a short term penalty premium for the time on risk.



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Premium Funding

Premium funding products enable you to pay your premiums by instalments. Whilst funders charge commercial interest rates, they do not usually require any security other than the right to request cancellation of the policies they are funding. This can free up capital for use in developing your business.

We can arrange premium funding on your behalf if you require it and we will tell you the basis and amount of any such payment before or at the time the premium funding is arranged.

Cancellations & Return 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.

If a contract of insurance is cancelled before expiry of the period of insurance and/or a return premium is due to you, we will refund the net premium we receive from your insurer – the insurer will usually refund an amount pro-rated according to the time on risk. We will not refund our fees or commission applicable to the refunded premium.

IMPORTANT INFORMATION

Duty of Disclosure

In order to make an informed assessment of the risk and calculate the appropriate premium, your insurer needs information about the risk you are asking them to insure.

For this reason, 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 the 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 know; or
- If the insurer has waived your obligation to disclose.

Non-Disclosure

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 not insured at all.

The disclosure required is especially important in matters relating to the physical risk, past claims, cancellations of insurance policies, the imposition of increased premiums etc, and any matters that might affect the acceptance of the risk, such as insolvency or criminal convictions.

Disclosure is not limited to matters applying to you as the insured named in the policy but includes other associates or past businesses or private insurances. As you are responsible for checking that you have made complete disclosure, we suggest that you keep an up to date record of all such matters including all losses and claims.

If you have any questions about whether information needs to be disclosed, please contact us.

Change of Risk or Circumstances

It is imperative that you advise us of location changes, of new business activities/products, or any radical departure from your normal form of business. For example, an insurer may well accept an engineering risk but will no longer give cover if a woodworking activity is entered into. In liability insurance, insurers must be aware of the nature of your business changes and, specifically in Products Liability, if your product range changes or you are involved in products not previously advised to insurers. In Personal Accident insurance, changes in occupation or sporting activities could prejudice your cover.

In order to ensure proper protection, please consult with us if you are in any doubt as to whether an insurer should or should not be told of certain changes. We would rather give you the extra service by answering these queries than allow you to take the risk of losing proper indemnity under your insurance policies.

Cooling Off Period

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. The insurer must be notified in writing that you wish to return the insurance contract and have the premium repaid. The insurance contract will be terminated from the time the insurer is notified 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.

This cooling off period only applies to retail clients.



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A retail client is an individual or a small business which purchases one of the following insurance products for use in connection with the business:

- Motor vehicle;
 - Home building;
 - Home contents;
 - Sickness and accident;
 - Consumer credit;
 - Travel;
 - Personal and domestic property; and
 - Any other kind of insurance prescribed in the regulations.
- A small business is a business employing less than 20 people, or if a manufacturer, less than 100 people.

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, ask us for a copy or visit our website www.ebminsurance.com.au.

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 full value of your insured property or exposure. These provisions are called ‘average’ or ‘co-insurance’ clauses. The types of policies that usually contain these conditions are those covering property or consequential loss/business interruption.

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.

A simple example of the application of Average/Co-insurance is:

Full Value	\$200,000
Sum Insured	\$100,000

Therefore you are your own insurer for 50%

Fire/Storm damage	\$50,000
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Claim limited to 50% of \$50,000 = \$25,000

Insurer pays	\$25,000
You pay	\$25,000

Interests of Other Parties

Some insurance contracts do not cover the interests in the insured property or risk of anyone other than the person or legal entity named 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.

If you require the interest of a party other than the named insured to be covered, you must request this. Most policy conditions will exclude indemnity to other parties (eg mortgagees, lessors, principals, etc) unless their interest is properly noted on the policy.

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

Hold Harmless – Subrogation – Waiver Clauses

You will prejudice your rights of a claim if, without prior agreement from your insurer, you make any agreement that will prevent the insurer from recovering the loss from a third party. These “hold harmless” clauses are often found in leases, maintenance and supply contracts.

You should not sign any agreement which contains such a clause without reference to us.

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.

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.

Utmost Good Faith

Every contract of insurance is based on ‘utmost good faith’ requiring each party (i.e. you and the insurer) to act towards the other party in respect of any matter arising under the contract, with the utmost good faith. If you fail to do so you may prejudice any claim.



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