

# FINANCIAL SERVICES GUIDE

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# Financial Services Guide

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## WHAT THIS DOCUMENT CONTAINS

The financial services referred to in this financial services guide ("FSG") are offered by:

LMI Group Pty Ltd (LMI) and its related companies where applicable.

ABN 69 086 256 171

AFS Licence No. 283777

Address: 428 Burke Road, Camberwell, Victoria 3124

Telephone: +61 3 9835 9900

Email: [vic@LMIGroup.com](mailto:vic@LMIGroup.com)

Website: [www.LMIGroup.com](http://www.LMIGroup.com)

This FSG is designed to assist you in deciding whether to use any of our insurance broking services and contains important information about:

- Who we are
- The services we offer you
- How we and others are paid for the services we provide to you
- Any associations or relationships that could influence the services we provide to you
- Our internal and external dispute resolution procedures, and how you can access them
- The arrangements we have in place to compensate clients for losses
- Our commitment to protecting your privacy and how we do this
- How you can make a claim.

It is important that you carefully read this FSG and retain it for future reference. If we have no formal written agreement with you, then by engaging, or continuing to engage us, you are agreeing to both the provision of our services to you, and our remuneration, as described in this FSG.

If you ask us to act as your general insurance broker, we will do so on the terms set out in this FSG. Unless you tell us otherwise in writing, we assume that you agree with these terms. Any terms which are specific to our relationship with you, may be contained in a Letter of Engagement.

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

- Statements of Advice – 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 the transactions we have arranged on your behalf.

If you need more information or have any questions, please feel free to telephone us on (03) 9835 9900.

## **INFORMATION CONCERNING OUR RETAIL CLIENTS**

### **Retail Clients**

Under the Corporations Act 2001 (Cth) (the Act) Retail Clients are provided with additional protection from other clients. Under the Act, our Retail Clients are:

Individuals, or a manufacturing business employing less than 100 people, or a small business employing less than 20 people, and where we provide a service or advice concerning the following types of insurances as prescribed by regulation: Motor Vehicle, Home building/contents, Personal and domestic property, Sickness and 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.

### **Retail Client Issues**

Typically, we only provide General Advice to our Retail Clients. General Advice does not take into account your particular needs and requirements and you should consider the appropriateness of this advice to your circumstances prior to acting upon it. We will provide you with a General Advice Warning in such cases.

If you are a new Retail Client purchasing Personal Accident or Sickness insurance and you seek our Personal Advice, that is, advice that takes into account your particular circumstances, we will give you a Statement of Advice (SOA). The SOA will set out the advice we provide, and the basis on which the advice is given, and our remuneration and any other benefits should you purchase the product.

For existing Retail Clients, we may not supply any SOA, but rather, we will provide the advice to you orally. In such cases you may request us (via phone or in writing), to provide you with a copy of our Record of Advice, which we will provide to you within 28 days of such request.

When you ask us to recommend an insurance policy for you, usually, we will 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.

If we recommend the purchase of a particular insurance product, we will also give you a Product Disclosure Statement (PDS) at that time. The PDS sets out details specific to that product and the key benefits and risks in purchasing the product, to assist you in making an informed decision about that product.

## Cooling Off Period

Retail Clients may be entitled to a minimum 14 day **cooling-off period** from the policy's commencement date during which the insurance policy can be terminated with a refund of the insurance premium paid (less amounts lawfully deducted). This is subject to the requirements of the Corporations Act 2001 (Cth) and the terms and conditions of your policy. This does not affect any other cancellation rights you may have under your policy.

You should check your PDS and/or policy document when you receive it to be sure you have the cover you require. If the cover does not meet your needs or if you need more information or have any questions, please feel free to telephone us.

## Claims Made Policy

Some policies may be subject to "Claims Made" provisions which specify that they cover only those claims made against you during the period of insurance. Usually, you must also notify the insurer of the claim during the period of insurance.

Generally, a Claims Made policy does not provide cover in relation to:

- Claims made after the policy expired, even though the event giving rise to the claim may have occurred during the policy period
- Claims notified or arising out of circumstances notified under any previous policy
- Claims made against you prior to the commencement of the policy period
- Claims arising out of circumstances noted on the proposal form for the current policy period or on any previous proposal form and
- Events that occurred prior to the Retroactive Date (if any) specified in the policy.

However, where you give notice in writing to the insurer of any facts that might give rise to a claim against you as soon as reasonably practicable after you become aware of those facts, but before the expiry of the policy period, the policy will, subject to its terms and conditions, provide cover even if that claim is made after the expiry of the policy period. For this reason, you must send us written notice during the policy period of any facts or events that might give rise to a future claim. If you do not, you may not have cover if a claim arises later.

Upon expiry of the policy, no further claims can be made under it, so the need to maintain insurance, or to arrange a "run-off" policy is essential. Please telephone us if you have any queries or concerns in this regard.

## ABOUT US

We hold an Australian Financial Services License under the Corporations Act 2001 (Cth) to provide financial product advice on, and deal in general insurance products for retail and wholesale clients.

We subscribe to and comply with the Insurance Brokers' Code of Practice which includes the service standards adopted by subscribing brokers.

## **Our Services**

We are committed to providing you with our sound advice based on your needs and our comprehensive market knowledge. We offer a range of services to assist you to protect your assets and your legal liabilities. 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.

We can advise about and arrange general insurance products including corporate, commercial and retail insurance programs tailored to your needs.

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.

## **Important Relationships**

We are a privately-owned insurance advisory firm offering a variety of services to assist you with your insurance needs and arrangements.

## **Whom do we act for when we provide services?**

We normally provide financial services on your behalf. Occasionally, such as where we have negotiated facilities to the benefit of our clients, we may act as agent of the insurer and not for you. For example, we may have an authority to arrange an insurance policy under a "binding" arrangement with the insurer, which means we can enter into the contract on the insurer's behalf. When we do this, we will specifically advise you.

In our dealings with you, we will diligently manage any conflict of interest which might arise and will do so in accordance with our firm's conflicts of interest policy.

## **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 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

property or risk and all other relevant 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 important legal documents, you should review and keep them in a safe place.

## **Renewals**

We will give you at least 14 days' notice before the 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.

Unless you tell us otherwise:

For commercial insurances, we will renew the insurance after we have considered whether it meets your needs.

For personal insurances, we may automatically renew your existing policy with your current insurer on the same terms as your expiring policy to ensure that your cover is maintained.

If there is a change in your circumstances, please notify us as soon as possible. This will allow us to assess the appropriateness of your current insurances and whether you require further advice from us.

Where this arrangement is in place, you can contact us at any time in order to stop automatic renewals.

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

## **Variations**

You should carefully monitor and review that your insurance contract or contracts are adequate to cover your assets and/or business activities and/or other risks. If you want to vary any cover, e.g. by increasing the sum insured or adding other property, please promptly 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 under your policy and pass the notification 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 so instruct us.

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:

- Negotiate settlement on your behalf subject to a claim service fee (to be agreed) or
- Provide details of the claim(s) to your new insurance broker so that they may continue to negotiate settlement on your behalf.

## **FEES FOR OUR SERVICES**

You are entitled to know how and what we will charge for our services and what other benefits we receive. In this regard, we advise:

### **Our Remuneration**

We are 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. The rate ranges from 0 to 25% depending on the insurance product.

Generally, we charge a broker fee depending on the product arranged and the time we spend placing the business, which is non-refundable in the event of cancellation.

Fees and commissions are our main source of income and cover the cost of providing our services to you. 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 may also receive the interest earned. Trust money will be held in accordance with the relevant laws.

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

We may receive additional remuneration from insurers with whom we have profit share arrangements, if any. This remuneration is payable if we meet certain agreed sales and/or profitability targets set by the insurer. If we have profit share arrangements with

an insurer that apply to a product we recommend to you, we will advise you of this at the time of making any such recommendation, if the amount involved is material.

In some circumstances, we may provide a referral payment to a person or organisation, which referred you to us. If this does occur, the referral payment will be clearly disclosed in our Statement of Advice or Record of Advice to you.

### **How Our Advisers Are Paid**

Our advisers are usually paid in the following two ways: (i) salary, and (ii) a bonus or incentives which are based on a number of factors including achievement of company goals.

## **TERMS OF PAYMENT**

### **Invoices**

We will invoice you for the premium, statutory charges (e.g. stamp duty, fire services levy) and any fees we charge for arranging your insurances. You must pay us by the date shown on the invoice (our usual terms of payment are 14 days from the date of our invoice) or, in the case of a renewal, before the expiry date of the expiring contract of insurance.

If you do not pay the premium on time, we will inform the insurer. The insurer has the right to 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.

Please note that if you do not pay the premium for the policy within our payment terms, you agree to give us the authority to cancel the policy on your behalf from inception.

### **Credit Card Fees**

If you pay by credit card, we may charge you a credit card fee which includes arrangement and handling. This fee is always disclosed and shown separately on our invoices to you and is non-refundable. This fee reimburses us for the bank interest, extra charges/costs and internal time generated for credit card use.

## **PRIVACY**

We are committed to protecting your privacy. We comply with the Privacy Act 1988 (Cth) when handling your Personal Information. We collect, hold, handle and use the Personal 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 refer to our website [www.LMIGroup.com](http://www.LMIGroup.com) or, 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. If you do not wish to be sent disclosure documents electronically, please advise us and we will update our records accordingly.

## **COMPENSATION**

As required by law, LMI has a professional indemnity insurance policy in place to compensate its retail clients for loss suffered because of a breach by LMI of its obligations under Section 912B of the Corporations Act 2001 (Cth).

This policy covers us, our employees and our representatives for claims made against us by clients in relation to the financial services we provide, as long as we notify the insurer of the claim when it arises and this is done within the relevant policy period.

Our policy will cover us for claims relating to the conduct of employees and representatives who no longer work for us.

## **OTHER IMPORTANT INFORMATION**

### **Duty Of Disclosure**

You and everyone who is insured under an insurance policy must comply with the duty of disclosure. You must provide complete, truthful and accurate information and instructions in a timely manner, so that we can assist you fully.

Under the Insurance Contracts Act 1984 (Cth), you have a duty to disclose to the insurer before a contract of insurance is entered into, upon any renewal or alteration or endorsement to the contract, every matter that is known to you that is relevant to the decision of the insurer whether to accept the risk. This duty continues until the insurer agrees to insure you.

It is important that you tell us every matter that you know, or that a reasonable person in your circumstances would know, that would be relevant to an insurer's decision whether or not to insure you and on what terms. You must also give honest and complete answers to each of the insurer's questions. You should disclose in answer to each question, any matter that is known to you and which a reasonable person in the circumstances could be expected to have told the insurer in these circumstances.

You do not need to tell the insurer anything that reduces the risk insured, or is common knowledge, or the insurer knows or should know, or which the insurer waives your duty to tell it about.

Failure to comply with your duty of disclosure may allow the insurer to cancel your policy or reduce any claim, or both. If your failure is fraudulent, the insurer may refuse to pay a claim and treat the policy as if it never existed.

### **Average (Co-Insurance/Under-Insurance) Clauses**

Home building and contents, fire, business interruption, industrial special risks and other policies often contain an "Average Clause" (otherwise called "co-insurance" or "under-insurance"). This means that you should insure for full value, which may be replacement, re-instatement, indemnity or market value, according to the type of your insurance policy. If you are under-insured, you are in effect, treated as if you self-insured (or co-insured) a proportion of the risk because you did not insure the full value of the risk. As such, your claim may be reduced in proportion to the amount of under-insurance.

### **Complaints And Disputes**

Contact us and tell us about any complaint you have about our services to you. We will do our best to resolve it quickly and fairly.

If your complaint is not satisfactorily resolved within 7 days, please contact our Complaints Manager, on (03) 9835 9900 or put your complaint in writing and send it to the LMI address shown at the beginning of this FSG or email to [complaintsmanager@lmigroup.com](mailto:complaintsmanager@lmigroup.com).

Our Complaints Manager will handle your complaint in a fair and timely manner and in accordance with our codes of practice standards. We will make a decision on your complaint within 45 days from when you first complained.

If your complaint cannot be resolved to your satisfaction by us, you may have the right to refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA can be contacted on 1800 931 678 or via their website, [www.afca.org.au](http://www.afca.org.au).

If you require any further guidance regarding this FSG, please contact us.

This FSG was prepared on 1st February 2020.



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