

## **Lockbourne Insurance Financial Services Guide** (Version 2.1 effective 7 October 2014)

This Financial Services Guide (FSG) 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 any conflicts of interest we have and how any complaints you may have will be dealt with.

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

If we act as your general insurance broker, we will do so on 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 transactions we have arranged on your behalf.

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

### **About us**

Lockbourne Insurance Pty Ltd, ABN 96 162 352 589, trading as Lockbourne Insurance is a Corporate Authorised Representative (AR No. 458672) of McCormick Harris & Associates Pty Ltd, ABN 29 912 860 252 trading as McCormick Harris Insurance, (holder of Australian Financial Services Licence no. 238979). All of our staff that provide Financial Services have also been appointed as Authorised Representatives of McCormick Harris. This FSG has been authorised by McCormick Harris.

### **Our services**

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;
- Identifying risk factors to avoid claims; and
- Assisting with insurance claims.

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

### **What we expect from you**

To enable us to provide the right advice we will need you to provide us with complete information and the risk(s) to be insured.

You should also tell us about any relevant changes as they occur so that we can review your insurance requirements.

We also expect you to pay our invoices on time and complete all forms in an honest and accurate manner and to return them in a timely manner.

### **Retail Clients**

Under the Corporations Act 2001 (The Act), Retail Clients are provided with additional levels of protection from other insurance purchasers. A Retail Client is defined as:

Individuals or a small manufacturing business employing less than 100 people or any other business employing less than 20 people. And the financial product is:

- i. Motor Vehicle Insurance
- ii. Home Building Insurance
- iii. Home Contents Insurance
- iv. Sickness & Accident Insurance
- v. Consumer Credit Insurance
- vi. Travel Insurance

and all other classes as prescribed by regulations.

### **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.

If you are a Retail Client and obtain personal advice, that is, advice that takes into account your personal circumstances, we will give you a Statement of Advice (SOA), that sets out the advice provided and the basis on which the advice is made and our remuneration should you purchase the product.

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.

If recommendations about the purchase of a particular financial product are made in the SOA, we will also give you a Product Disclosure Statement at that time, which sets out details specific to that product and the key benefits and risks in purchasing the product.

### **Cooling off**

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 at no cost to you.

### **Important relationships**

We are a privately owned business.

As your insurance broker we act on your behalf.

Through our relationship with McCormick Harris Insurance, we are affiliated with IBNA Limited ("IBNA"). IBNA is a national marketing group that provides us with access to a range of resources and develops products and services for our clients.

IBNA have exclusive arrangements with some insurers where they receive between 0.5 – 1.5% commission on the premium placed by us with those insurers. These payments are used to operate IBNA.

Depending on the operating costs of IBNA (including the costs of shareholder services provided) and the amount of total business McCormick Harris place with the participating insurers in any financial year, McCormick Harris may receive some of that commission at the end of each financial year.

We have access to a range of IBNA services including operating and compliance tools, advice and assistance from professional bodies, group insurance arrangements, product comparison and placement support, claims support and purchasing arrangements. These shareholder services are either funded or subsidised by IBNA or available exclusively to shareholders for a fee.

This assists us when we provide services to you by giving:

- Access to insurance products underwritten by a wide range of insurers;
- Access to insurance products that provide a wide range of cover; and
- Access to consultants with specialised skills in certain risk products and services.

### **How we will look after your insurance needs**

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

We will respond to your insurance requirements in a professional and timely manner. At all times as your broker we will act for you in any dealings we have with insurers unless we inform you otherwise.

### **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 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 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 or where applicable direct you on how to pass on this information.

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 or appoint someone to act for you to attend 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:

- 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.

### **Our remuneration**

When we place insurance for you, we normally receive a payment, this is referred to as a commission. Commission generally covers our costs associated with arranging, delivering and servicing the product. Where a policy is cancelled before the period of insurance has ended we will usually retain the commission on any return premium involved.

We also have a standard set of non-refundable broker fees that we charge for services we provide that commission does not cover. All broker fees payable for our services will be advised to you at the time of providing the advice or service.

Fees and commission are our main sources of income and cover the costs of providing services to you including:

- Market research on available products;
- Assessment of claims paying ability of insurers;
- Sourcing of alternative quotations; and
- Staff development and training to assist in delivering service to you.

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

All monies payable for policies arranged by Lockbourne Insurance are to be paid to McCormick Harris Insurance as the Australian Financial Services Licence holder.

The commission the Insurer pays to McCormick Harris Insurance 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 McCormick Harris Insurance by the Insurer.  $X$  = McCormick Harris Insurance commission. McCormick Harris Insurance's commission varies between 0 and 30%.

McCormick Harris Insurance deducts a management fee of between 10% and 20% from the total commission and broker fee received and pays the remainder of the broker fee and commission to us.

If McCormick Harris Insurance hold your money in trust pending payment to the insurer, they will receive the interest earned.

McCormick Harris Insurance is a shareholder of IBNA Limited (IBNA), a national marketing group. IBNA receives between 0% and 5% commission and override on premiums paid from certain insurers or premium funders. This income is used to operate IBNA and any surplus funds may be paid to McCormick Harris and other shareholders as a dividend or as a rebate.

McCormick Harris Insurance may receive additional remuneration from insurers with whom they have profit share or volume bonus arrangements. This remuneration is payable if certain agreed sales and/or profitability targets set by the insurer are met. If profit share arrangements are in place 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.

### **How our staff are paid**

Our staff are usually paid in two ways, salary and a bonus or incentives which are based on a number of factors including achievement of company goals.

If a person has referred you to us with whom we have an agreement, we may pay them between 0 to 50% of our remuneration. This will not increase the amount you pay us.

***Remuneration or other benefits received by authorised representatives of McCormick Harris***

Payments to our Authorised Representatives are based on a percentage of commission and fees derived from business serviced by them. The percentage varies between 0% and 90% according to the range of services they perform for us. There are no additional costs to you in accessing the McCormick Harris services through them.

**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 upon receipt of the invoice or, in the case of a renewal, within 14 days of the expiry date of the contract of insurance.

If you do not pay the premium on time 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.

***Credit Card Fees***

If you pay by credit card we will charge you a credit card (including arrangement and handling) fee, which is always disclosed and shown separately on our invoices to you, they are non-refundable. This fee reimburses McCormick Harris for the bank interest, extra charges/costs and internal time generated for credit card use.

***Premium Funding***

Premium funding products enable you to pay your premiums by instalments. 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.

**Privacy**

The Federal Privacy Act 1988 sets our standards for the collection and management of personal information. With your consent, we will only use your personal information for general insurance services.

**Complaints and Disputes**

Clients not satisfied with our services should contact the McCormick Harris Insurance Complaints Officer on 1300 769 599. McCormick Harris Insurance are members of the Financial Ombudsman Service (FOS), a free consumer service. Further information is available from our office or contact FOS directly on 1300 780 808 or visit [www.fos.org.au](http://www.fos.org.au). We also follow the Insurance Brokers Code of Practice.

**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.

**Compensation**

McCormick Harris hold a Professional Indemnity Policy which also provides coverage for Us. This policy is designed to pay claims by Third Parties (including our clients) arising out of our Professional Negligence. The policy extends to cover McCormick Harris for work done by Us after We cease to work for McCormick Harris and satisfies the requirements for compensation arrangements under Section 912B of The Act.

**Contact Details**

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