

# FINANCIAL SERVICES GUIDE

## A guide to our relationship with you and others'

This Financial Services Guide (FSG) is designed to assist you in deciding whether to use any of our services and contains important information about:

- + The services we offer you,
- + How we and our associates are paid.
- + Any potential conflicts of interest we may have, and
- + What to do in the event of a complaint.

Our FSG is an important document that provides you with information to help you decide whether to use the financial services we offer. We aim to provide you with insurance products and services that protect you and enhance your business. To help us achieve this, it's important that you understand what we do as your insurance broker.

Our FSG is an important document that contains information about the services CRE Insurance Broking Pty Ltd (CRE) offers. It also explains how we, and our representatives, may be remunerated and contains details of our internal and external complaints handling procedures.

By choosing CRE to provide insurance services, you are, in the absence of another formal written agreement, agreeing to the delivery of our services and our remuneration as described in this FSG.

## Who is CRE

As your insurance broker, CRE holds an Australian Financial Services Licence (AFSL) issued by the Australian Securities and Investments Commission (ASIC) to deal in and provide advice in relation to general insurance products to Retail and Wholesale Clients. You can contact us by phone, in writing, or email at the details located in the footer of this page.

## Who we act for

We act for you as your insurance broker unless we advise you otherwise. CRE does not act for any insurer under any binding arrangement or as their agent.

### CRE IS NOT INDEPENDENT WHEN PROVIDING PERSONAL ADVICE

CRE generally does not provide personal advice to retail clients. In the rare instances that this does occur, we may receive commissions from insurers that prevent us from referring to ourselves as 'independent, impartial or unbiased' as it may be construed as an undue influence on the personal advice provided to you and may cause a conflict of interest. However, the precise amount of this remuneration will be fully disclosed to you on our invoices for retail products and will always be provided when asked for.

**REFER TO THE 'TYPES OF ADVICE FOR RETAIL CLIENTS' ON PAGE 2 FOR MORE INFORMATION.**

## Date and currency of this FSG

This FSG applies from **15 February 2022** and remains valid unless another FSG is issued by CRE to replace it.

## The services and advice CRE provide

### RETAIL CLIENTS

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

The Act defines Retail Clients as:

- + Individuals, or
- + a manufacturing business employing less than 100 people, or
- + any other business employing less than 20 people,
- + AND the above purchases one or more of the following types of insurance policies:
  - o motor vehicle,
  - o home building and/or contents, and/or personal and domestic property insurance,
  - o pleasure craft,
  - o caravan,
  - o personal accident or sickness,
  - o travel,
  - o consumer credit, and
  - o other classes as prescribed by regulations.

If you do not fall into the above criteria, then you are deemed to be a Wholesale Client.

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.

### TYPES OF ADVICE FOR RETAIL CLIENTS

If you are a Retail Client, then typically you will be provided with General Advice by CRE.

**General Advice** does not consider your personal needs and financial circumstances at the time therefore you will need to consider whether this advice suits your requirements prior to acting upon it.

On these occasions, we will give you a General Advice Warning (GAW).

If you are a Retail Client and we agree to provide you with **Personal Advice**, we will give you a Statement of Advice (SOA). The SOA will contain advice we have given, the basis on which it was given, and details of relationships, associations, remuneration and other interests that may have influenced the advice we have given.

If we arrange an insurance policy for you, or if we recommend you buy a particular insurance policy, we will also give you, or give you access to a Product Disclosure Statement (PDS). The PDS is produced by the insurer and is designed to give you important information about the policy you are considering purchasing.

## OUR SERVICES

Under our AFSL, amongst other things, we –

- + collect information that insurers require from you to assess your insurable risk profile and arrange general insurance products to help you protect against insurable risks,
- + provide you with information and qualified advice about general insurance products,
- + facilitate and arrange premium funding to spread the cost of your insurance, and
- + where needed, assist you to make insurance claims.

We will endeavour to arrange insurance that meets your risks and needs.

However, you should always consider the appropriateness of any advice we provide or any insurance we recommend to you in the context of your requirements before acting on our recommendations.

We also rely on you for the accuracy and completeness of information you provide to us.

We usually provide our services using CRE employees and other specialist consultants as required to meet your requirements.

CRE also has 'Authorised Representatives' which are third parties whom we authorise to provide financial services under our AFSL.

## RECEIVING INSTRUCTIONS

We will either ask for your instructions in writing or we will confirm your verbal instructions back to you in writing as agreed.

Your instructions will be carried out promptly and confirmed to you in writing followed by the relevant formal documentation which includes our Tax Invoice and summary of insurance, Certificate of Currency, Insurer Product Disclosure Statement and/or the agreed Policy Wording(s).

## Important Information - Retail and Wholesale clients

### DUTY OF DISCLOSURE

The Insurance Contracts Act 1984 requires insurance companies to provide certain information to people intending to insure with them. The information concerns the duty of disclosure of an intending Insured and the effect of certain clauses in a proposed insurance policy.

When a general Insurance Broker is involved in the transaction, the information is to be provided by the broker. In general terms, the kind of information that an insurance company or broker must give you is as follows:

Before you enter a contract of general insurance with an Insurer, you have a duty, under the Insurance Contracts Act 1984, to disclose to the Insurer every matter that you know, or could reasonably be expected to know, that is relevant to the Insurer's decision whether to accept the risk of the insurance, and if so on what terms.

You have the same duty to disclose those matters to the Insurer before you renew, extend, vary, or reinstate a contract of general insurance. Your duty, however, does not require disclosure of a matter –

- + that diminishes the risk to be undertaken by the Insurer,
- + that is of common knowledge,
- + that your Insurer knows or, in the ordinary course of its business, ought to know, and
- + as to which compliance with your duty is waived by the Insurer.

For Consumer Insurance Contracts, (Consumer Insurance Contracts are defined as insurance that is obtained wholly or predominantly for the personal, domestic, or household purposes of the insured and are detailed above under the heading Retail Clients) your only duty is to take reasonable care not to make a misrepresentation when answering questions asked of you by the underwriter.

## NON-DISCLOSURE

If you fail to comply with your duty of disclosure, or in the case of Consumer Insurance Contracts fail to take reasonable care not to make a misrepresentation, the Insurer may be entitled to reduce its liability under the contract in respect of a claim or may cancel the contract. If your non-disclosure is fraudulent, the Insurer may also have the option of avoiding the contract from its beginning.

A few examples (though not exhaustive) of matters that could be considered of importance in relation to your duty of disclosure are as follows –

- + matters relating to a material change to the insured risk including alteration of risk, new or changed business activities or locations,
- + past uninsured losses and/or claims,
- + refusal, cancellation, or increased premiums by insurers,
- + fines or penalties,
- + criminal convictions, and
- + insolvency or bankruptcy matters.

Your disclosure requirement may not be limited to specific questions in any application form or questionnaire, or matters applying to you alone. It also includes other matters like past business or private insurance and applies to all persons and entities to be insured under the policy.

Please note that your duty continues to apply when you seek to renew, extend, alter, or reinstate a policy.

## UNDERINSURANCE / AVERAGE / CO-INSURANCE

Before you buy insurance, you should carefully consider whether your sum insured is adequate to cover any loss. You should insure for the full value of your property taking into consideration the type of insurance cover arranged e.g., replacement, re-instatement, indemnity, or market value.

Many policies covering property e.g., Business Insurance, Fire, and Business Interruption contain an Underinsurance Clause (sometimes referred to as Average or Co-Insurance).

In simple terms, an Underinsurance Clause provides that if you are underinsured, your claim may be reduced in proportion to the amount of that underinsurance.

As an example –

- + If full Replacement Value of your property is \$1,000,000 and you chose a Sum Insured of \$500,000, you would effectively be self-insured for 50% of the Replacement Value.
- + If a claim occurred for \$200,000, the amount payable by the insurer would be 50% of the \$200,000, i.e. \$100,000.

## CORRECT INSURED NAMES

Always ensure you advise CRE of every entity or party that may have an insurable interest so that each can be properly advised to the insurer and noted as insured and/or for their respective rights and interests, as required.

If these are not correctly noted, the insurer may have grounds to dispute indemnity, particularly if a contractual dispute arises against an entity not nominated or allowed for under the policy.

## INVOICES AND PAYMENT

CRE will issue you with a Tax Invoice and a summary of cover, which states the amount payable and a summary of the policy and/or changes to your policy in the case of an endorsement (change) to the insurance contract.

Each component of the amount payable and payment options will be clearly displayed along with the payment due date. The Tax Invoice will state the amount of GST payable. You should ask your Accountant for advice about any possible tax deductions.

If you do not pay as within the nominated credit terms, and when required by us and/or the insurer, cover may not commence or may not continue.

When you pay the premium to us it will be banked into our trust account where, as allowed by law, we will earn interest, or we may earn a return by investing the premium; such interest or investment return will be retained by us.

## CLAIMS

You should immediately notify us of any claim or potential claim or circumstance that may give rise to a claim. CRE strongly recommends that you notify us of any losses, whether you intend to make a claim or not.

In presenting a claim, it is your duty to disclose to the insurer all facts which are material to the claim.

Insurers often place conditions upon you in their policies in relation to claims notification and handling; they may be entitled to reduce the claim settlement or decline the claim if you do not comply with such conditions.

In all circumstances, you should immediately take reasonable actions necessary to prevent further loss or damage occurring.

Any claims documentation, insurer settlement cheques and other information received by us on your behalf will be provided to you as soon as reasonably practicable. CRE provides this claims assistance as part of our overall service for no separate charge unless we tell you otherwise. We do not provide this service if we no longer act for you.

It is important to remember that if you have a loss or claim involving a third party, you must not admit liability even if you think you are at fault.

### **CLAIMS-MADE POLICIES**

Some policies such as Professional Indemnity, Errors & Omissions Liability, Directors & Officers Liability, Management Liability, and Statutory Liability are issued on a 'claims-made' basis. This means that any claim or potential claim must be notified to the insurer while the policy is current and comply with any Condition in relation to timing and method of notification.

Therefore, such policies will generally not cover any claim, or potential claim, which is notified to the insurer after the expiry date of the policy.

Under Section 40(3) of the Insurance Contracts Act, if your policy is a 'claims-made' policy, and if you give notice in writing to the insurer of facts or circumstances that might give rise to a claim against you as soon as is reasonably practicable after you become aware of those facts but before the period of insurance expires, the policy will cover (subject to other policy terms and conditions) any subsequent claim against you that arises from those facts or circumstances, even if that claim is not made until after the period of insurance has expired.

You must consider whether there are any facts or circumstances that should be notified to your present insurer before that policy expires.

### **INSURERS SEVERAL (NOT JOINT) LIABILITY**

If a policy is arranged with more than one insurer, each insurer is responsible only to the extent of their individual proportion and there is no obligation for an insurer to cover any payment shortfall of the other.

### **CONTRACTUAL INDEMNITIES, HOLD HARMLESS AND LIMITATIONS OF LIABILITY**

You may prejudice your right to a claim if, without prior agreement with your insurer, you agree to the removal of subrogation rights (i.e., the right of recovery/recourse against another party who contributed or causes a loss) that could prevent the insurer from recovering monies from a third party.

For the same reason, you must be cautious about 'contracting out', 'indemnity' and/or 'hold-harmless' clauses which are commonly found in leases and contracts for maintenance, supply, construction, or repair.

These contracts or agreements will generally require you to assume liabilities more than liabilities imposed by statute or common law. If you are in any doubt, you should forward a copy of the contract to CRE for an insurance and risk review and seek legal counsel on the balance of the contract before signing.

## Privacy, Personal Information and Complaints

The Federal Privacy Act 2000 sets out standards for the collection and management of personal information. With your consent, we will only use your personal information for general insurance services.

Any personal information you provide to CRE Insurance Broking will be collected, stored, used, and disclosed in accordance with our Privacy Policy located on our website at <http://www.creinsurance.com.au>.

Alternatively, contact our office and we will send you a copy.

### CONTACT AGREEMENT

To ensure that we provide you with appropriate products and services, you agree to us calling you to discuss any new products and services. If you do not wish to receive such calls, please advise us and we will place you on our Do Not Call Register.

### 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.

If you have provided your email address to CRE 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.

### COMPLAINTS

If you should have any concern or complaint or dispute (complaint) about the service we have provided you, then contact us and tell us about it. If your complaint is not satisfactorily resolved within 24 hours, ask to be put in touch with our Complaints Officer, (02) 9493 6100 or put your complaint in writing to us at:

**CRE Insurance Broking,**  
PO Box 986,  
Crows Nest NSW 1585, or

**Email:** [admin@creinsurance.com.au](mailto:admin@creinsurance.com.au), and we will attempt to resolve the matter satisfactorily within 21 days.

If you are still not satisfied with our determination, you have the right to take your complaint to the Australian Financial Complaints Authority (AFCA), a free consumer service.

AFCA can be contacted directly by:

**Phone:** 1800 931 678

**Email:** [info@afca.org.au](mailto:info@afca.org.au)

**Website:** [www.afca.org.au](http://www.afca.org.au)

**Mail:** Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001

## COMPENSATION

As an AFS licensee we must maintain adequate Professional Indemnity insurance to compensate you or your beneficiaries for loss or damage suffered because of our provision of negligent advice to you.

Our representatives (including any Authorised Representative) and we are covered under professional indemnity insurance that complies with the requirements set down by ASIC. The insurance (subject to its terms and conditions) will continue to cover claims in relation to our representatives / employees who no longer work for us but who did at the time of the relevant conduct.

CRE is a member of the National Insurance Brokers Association and subscribes to the Insurance Brokers Code of Practice that is designed to help ensure our services are provided diligently and professionally.

## Remuneration

CRE will inform you whether our remuneration will be on a Fee or Commission basis or combination of the two depending on the technical complexity of the risk, value added services provided, and resources CRE expects to expend in meeting your requirements.

### FEE

If our remuneration comprises a fee structure, we will agree this with you before, and it will be payable when, we place an insurance contract on your behalf unless we have agreed otherwise. When CRE charges a Fee only for our services, we will remove all commissions from the insurance premiums charged by insurers.

Where our services are cancelled before the period of insurance has ended, we will retain all fees charged as fully earned.

### COMMISSION

If we are remunerated by commission, this means that we receive a percentage of the base premium charged for your insurance policy(ies) from the insurer(s). The amount we receive varies between 5% and 25% of the base premium charged for your insurance policy(ies). Where a policy is cancelled before the period of insurance has ended, we will retain the commission on any return premium due back to you.

We may also charge non-refundable broker fees for services such as:

- + Market research on products available,
- + Assessing the claims service of insurers,
- + Sourcing alternative quotations and coverage, and
- + Risk analysis and portfolio co-ordination.

All fees payable for our services will be advised to you at the time of providing the advice or service.

We retain any interest on premiums paid by you that are held in our trust account before paying the insurer.



## **PROFIT SHARE, VOLUME BONUSES, OVERRIDERS OR CONTINGENT COMMISSIONS**

CRE does not have any arrangements with insurance companies for profit share payments, volume bonus commissions/payments, contingent commissions, facility/platform payments, or distribution brokerage payments on our clients' accounts.

## **INTERNATIONAL PLACEMENTS**

Sometimes in the negotiation and placement of your insurance program, we may need to engage with the international insurance market. In most circumstances, this necessitates the engagement of local placement brokers or intermediaries.

Their remuneration for work carried out is usually on a commission basis paid as part of the premium negotiated. Unless otherwise agreed, these commissions will be collected by these local intermediaries and will not be deducted from CRE's remuneration.

## **PREMIUM FUNDING**

If CRE arranges premium funding for you, we may receive a percentage of the interest charged, however this will never be more than 1.5%. We will tell you the basis and amount of any such payment if you ask us.

It is important to note that CRE offers and arranges premium funding as agent of the premium funder and not as your credit provider or finance broker. We also may act as the premium funder's agent in cancelling any insurance policies where you have failed to meet your repayment obligations to the premium funder.

## **HOW OUR REPRESENTATIVES ARE PAID**

Our representatives do not receive any benefit directly from the sale of insurance products to you.

Our representatives may receive bonuses payable based on their individual performance and the overall performance of our business.

If a person has referred you to us, we may pay them a part of our fees or commissions received, however CRE has no standing arrangements on this basis.

## **RELATIONSHIPS, ASSOCIATIONS AND REFERRALS**

CRE has no specific financial relationships, associations or referral arrangements that influence us in providing our recommendations for general insurance products and/or associated services.