

Financial Services Guide



AVOCA

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

Avoca Group Pty Ltd ABN 32 114 246 721 trading as Avoca Insurance Brokers (Avoca) AFSL No: 289811

12 / 339 Cambridge Street, Wembley WA 6014 Phone: 08 9387 8588 Facsimile: 08 9387 8577 E-mail: info@avoca.com.au

This FSG sets out the services that we can offer you. It is designed to assist you in deciding whether to use any of those services and contains important information about:

- the services we offer you.
- how we and our associates are paid.
- any potential conflict of interest we may have.
- our internal and external dispute resolution procedures and how you can access them.

Statement of advice

Retail Clients should also be aware that you are entitled to receive a "Statement" or Statement of Advice outlining information about remuneration and/or other benefits we may receive and any interests or associations we may have that may influence us in providing this advice. This information is disclosed on your Tax Invoice Schedule.

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. When considering the renewal of your insurance policy, we will only seek additional quotes where the premium quoted by your current insurer is greater than 15% of the prior year premium.

Product disclosure statement

If we offer to arrange the issue of an insurance policy to you, we will also provide you with, or pass on to you, a product disclosure statement (PDS), unless you already have an up to date PDS from the insurer. The PDS will contain information about the particular policy which will enable you to make an informed decision about purchasing that policy.

From when does this FSG apply?

This FSG applies from 30 September 2009 and remains valid unless a further FSG is issued to replace it. We may give you a supplementary FSG. It will not replace this FSG but will cover services not covered by this FSG.

How can you instruct us?

You can contact us to give us instructions by post, phone, fax or email on the contact number or details mentioned above.

Who is responsible for the financial services provided?

Avoca is responsible for the financial services that will be provided to you or through you to your family members, including the distribution of this FSG. All advice is provided by representatives of Avoca.

Avoca holds a current Australian Financial Services License No. 289811. The contact details for Avoca are above.

Do we have any relationships or associations with the insurers who issue the insurance policies or any other material relationships?

Avoca Insurance Brokers is a shareholder of Steadfast Group Limited (Steadfast). Steadfast has exclusive arrangements with some insurers under which Steadfast will receive between 0.5 - 1% commission for each product arranged by us with those insurers. These payments are used to operate Steadfast. Depending on the operating costs of Steadfast (including the costs of member services provided by Steadfast to us and other Steadfast shareholders) and the amount of total business we place with the participating insurers in any financial year, we may receive a proportion of that commission at the end of each financial year.

As a shareholder of Steadfast we have access to member services including model operating and compliance tools, procedures, manuals and training, legal, technical, banking and recruitment advice and assistance, group insurance arrangements, product comparison and placement support, claims support and group purchasing arrangements. These member services are either funded by Steadfast, subsidised by Steadfast or available exclusively to shareholders for a fee.

You can obtain a copy of Steadfast's FSG at www.steadfast.com.au

We may also receive a profit share commission from insurers in the future if a particular portfolio of business reaches a certain level of profitability.

Steadfast is also a shareholder of Miramar Underwriting Agency Pty Limited (Miramar) and as result, Steadfast may receive dividends from Miramar. These amounts will indirectly contribute towards the benefits we receive from Steadfast. We may also qualify for reward points under the Miramar rewards program for insurance we arrange with Miramar. The number of points we earn will depend on the premium paid to Miramar for the insurance products we arrange with them, subject to a minimum threshold. The points may be redeemed for certain goods or flights.

Steadfast is also a shareholder of Macquarie Premium Funding (Macquarie). Under its agreement with Macquarie, Steadfast may also receive dividends from profits of Macquarie. The amount of the Steadfast dividend is based on the share of profit attributable to funding arranged by the Steadfast shareholders and dependant on operating costs and other factors, we may receive a portion of those amounts at the end of each financial year.

Other Benefits

From time to time our advisers may receive certain 'hospitality benefits' (such as tickets to sporting events, movies, meals, bottles of wine, hampers). The receipt of these benefits is not based upon the volume of business placed with the provider but is more of an ad hoc reward. The maximum value of these during the year is unable to be determined. However, the details of such benefits so far received are able to be viewed on a specially maintained Register. Please ask your adviser if you wish to view our register.

How do you pay for our services?

Our Remuneration

You are entitled to know how and what we will charge for our services. At the time of issuing this Financial Services Guide we are unable to provide you with the exact amount of remuneration and/or benefits we may receive in relation to your policy/ies, however for *all retail clients*, we will, either when the advice is given, or as soon as practicable after, disclose of the exact dollar amount of any remunerations and/or benefits we will receive. This will be included on your Tax Invoice/Statement/Statement of Advice.

We often receive a payment called commission, which is paid to us by the insurers. The commission rate does not represent our profit margin but merely reimburses us for the cost of providing our services to you. The initial and renewal commission are calculated as a percentage of the annual cost of the insurance policy and will be based on the following formula:

$$X = Y\% \times P$$

In this formula:

X = the commission

Y% = the percentage commission paid to us by the insurer

P = the amount you pay for any insurance policy (less any government fees or charges in that amount)

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If you are an individual or small business and purchase retail or personal insurance the commission we will earn will vary depending on the product and insurer. This will typically be as follows:

Retail Products

Motor Vehicle	0 - 12.1% GST inclusive
Home & Contents	0 - 24.75% GST inclusive
Personal Accident	0 - 24.75% GST inclusive
Pleasure Craft	0 - 22.0% GST inclusive
Travel	0 - 33.0% GST inclusive

Wholesale Products

Workers Compensation	0 - 5.5% GST inclusive
All other wholesale products	0 - 22.0% GST inclusive

In all instances for retail product recommendations, full details of the commissions we receive will be disclosed on the front of your Tax Invoice. In the event that the policy is cancelled before the period of insurance ends, we will retain any of the commissions paid by the insurer or any fees paid by you. You have a right to request for further information in relation to the remuneration, the range of amounts or rates of remuneration and soft dollar benefits received by us.

Sunrise

We may also be entitled to receive a commission of between 1.1 -2.75% (GST inclusive) where we use electronic data interface (Sunrise) to process your policy with certain underwriters. For retail clients, this amount will be included in the total commission declared on the front of your Tax Invoice. In some cases we will also charge you a broker administration fee. This fee usually applies on a per invoice basis. If you are an individual or small business and purchase retail or personal insurance the fee charged will vary depending on the complexity of your personal needs but will generally range from \$0 to \$1,650.00 (GST inclusive). You can choose to pay by any of the payment methods set out in the invoice. You are required to pay us within the time set out on the invoice. Commission and fees are earned for the policy period and we will be entitled to retain all commission and fees in respect of the full policy period in relation to policies placed by us.

Other Revenue

Any interest earned on premiums paid and held in our trust account will be retained by Avoca.

Premium Funding

Premium funding is available and provides you the ability to pay premiums by instalments. Interest is charged on the amount funded if this option is taken. We can arrange premium funding and if you choose this payment option we may be entitled to a commission of between 0% - 2.2% (GST inclusive) of the total amount funded. In addition to this commission payment, we may receive an overriding commission of between 0-1.65% (GST inclusive) dependent on volume.

In the event of cancellation of a premium funded policy, the premium funder will determine if there is any outstanding payments payable by you. Otherwise, the returned premium from the insurer will be forwarded to you (less any fees or charges resulting from cancellation of policy). Commissions received as a result of premium funding will not be returned when a policy is cancelled.

Other Revenue Information

Our employees/representatives receive an annual salary that may include commission and discretionary bonuses. If you are an individual or small business and purchase retail or personal insurance and you have been referred to us by someone else, we may pay the referrer a share of our commission or fees. You can choose to pay by any of the payment methods set out in the invoice. You are required to pay us within the time set out on the invoice.

What kind of compensation arrangements are in place and are these arrangements complying?

Avoca confirms that it has arrangements in place to ensure it continues to maintain Professional Indemnity insurance in accordance with s.912B of the Corporations Act 2001 (as amended). In particular our Professional Indemnity insurance, subject to its terms and conditions, provides indemnity up to the Sum Insured for Avoca, our representatives and employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any representative and employee who has ceased work with Avoca for work done whilst engaged with us.

What kinds of financial services are you authorised to provide to me and what kinds of financial product/s do those services relate to?

Avoca is authorised to advise and deal in general insurance products to wholesale and/or retail clients. We will do this for you as your broker unless we tell you otherwise.

There are a wide range of insurance policies we can arrange. These include but are not limited to the following products:

Retail Products

Motor Vehicle, Home Building and Home Contents, Sickness & Accident, Travel, Pleasure Craft, Consumer Credit, Personal Property

Wholesale Products

Business Insurance, Liability, Professional Indemnity, Workers' Compensation, Marine (Hull & Transit), Directors & Officers Liability, Industrial Special Risks

What should I do if I have a complaint?

1. Contact us and tell us about your complaint. We will do our best to resolve it quickly.
2. If your complaint is not satisfactorily resolved within 7 days, please contact Charles Elders on 08 9387 8588 or put your complaint in writing and send it to: Avoca Insurance Brokers, PO Box 1889, Subiaco, WA 6904.
3. Avoca is a member of the Financial Ombudsman Service Limited (FOS). If your complaint cannot be resolved to your satisfaction by us you have the right to refer the matter to FOS. FOS can be contacted by telephone on 1300 780 808 or at GPO Box 3, Melbourne VIC 3001.

Cooling off Period

A cooling off period may apply to an insurance policy issued to you as a retail client. During the cooling off period you may return the policy and obtain a refund of premium. Details of your cooling off rights will be included in the relevant PDS

What information do you maintain in my file and can I examine my file?

We maintain a record of your personal profile, including details of insurance policies that we arrange for you. We may also maintain records of any recommendations or advice given to you. We will retain this FSG and any other FSG given to you as well as any Disclosure Statements, SoA's, PDS or short-form PDS that we give or pass on to you for the period required by law.

We are committed to implementing and promoting a privacy policy, which will ensure the privacy and security of your personal information. A copy of our privacy policy is available on request. If you wish to look at your file please ask us. We will make arrangements for you to do so.

Any questions?

If you have any further questions about the financial services Avoca provides, please contact us. Please retain this document for your reference and any future dealings with Avoca.