

Financial Services Guide

The Financial Services covered by this Financial Services Guide (FSG) are provided by:

DAVID YOUNG INSURANCE SERVICES PTY LTD

ABN 25136 708 891

Corporate Authorised Representative of Markey Group Pty Ltd ABN 83 002 301 288 AFS Lic No. 240567

Any reference to We, us or Our relates to the Licensee, Markey Group Pty Ltd and the Corporate Authorised Representative who acts on its behalf in providing the Financial Services set out in this FSG unless stated otherwise.

Our ABN number is 83 002 301 288 and our Australian Financial Service License No. is 240567.

This guide 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.

It is an important document. Please read it carefully and keep it in a safe place.

If you are a retail client and we agree to give you personal advice we will provide you with a Statement of Advice. This will contain our advice, the basis of our advice, and information on any remuneration, associations or other interests, which might reasonably have influenced us in giving our advice.

If you are a retail client and we arrange an insurance policy for you, or if we recommend you buy a particular insurance policy, we will give you a Product Disclosure Statement when required. It is prepared by the insurer and is designed to give you important information on the features, benefits and risks of the policy to assist you in making an informed decision about whether to buy the product or not. It may be more than one document.

What services can we provide?

Our various roles

We are an Australian Financial Services Licensee and are licensed under the Corporations Act to advise and deal in relation to all general insurance products.

We and our representatives can act in a number of roles in providing our services.

We usually act on your behalf. However in some cases, we may act on behalf of an insurer or their representative or on our own behalf (eg. as a referrer to another service provider). We tell you if this is the case as this means we do not act for you when we provide the service.

Our Services

Arranging insurance for you

This is where we arrange for the issue, variation, renewal or cancellation of an insurance policy for you. The process differs depending on the type of insurance and we explain it to you when you apply for the insurance.

Providing advice to you

There are two types of advice service we provide and it is important to understand the difference:

- **Personal advice** – this is advice provided by us to you on the suitability of general insurance policies to meet your particular needs. We will agree with you when this service is to be provided and what the scope of our personal advice will be. For example, in some cases we may only provide personal advice on which of a selected list of products is appropriate for you. Before we provide any personal advice we will need to undertake a needs analysis so we can provide you with appropriate advice.
- **General advice** – this is where we provide a general recommendation or opinion to you on a general

insurance product which is not based on our consideration of your personal needs. We tell you when this is the case because if general advice is given you need to consider if the general advice and any relevant product is right for your circumstances as we have not done this for you.

In some cases where we arrange more than one policy for you we may provide personal advice for one policy and general for another. We tell you when this is the case.

Acting for insurers

In some circumstances we may have an agreement with an insurer or their representative to arrange insurance policies on their behalf and not on your behalf. This means that we act for and in the interest of the insurer as our principal in providing the services, not yours.

We will tell you when we act for the Insurer and not for you.

Premium Funding

In some cases insurers may offer payment by instalments. In other cases they require the full premium payment up front. Premium funding is one way of not having to pay your premium in one lump sum. You will however have to pay interest to the premium funder.

We can arrange premium funding for you in certain cases with the premium funders we have a relationship with.

We do not advise or represent that their products and services are right for you and take no responsibility for the products and services they may provide to you. You need to make your own decision based on the information they provide.

We may provide a variety of services and act in different roles.

It is important to note that given the wide variety of general insurance products available and the need to remain competitive we may provide a variety of the above services to you and act in a variety of roles.

For example, where you require a number of different covers we may provide personal advice for some products you need and act on your behalf in relation to them. For others we may only provide you with general advice and for others only act as agent of the insurer not you. We can provide a further explanation of why this is the case and we make sure we tell you what the service is and our role before or at the time we provide the service.

Ask us if you need more detailed information or do not understand our explanation.

How can you give us instructions?

You need to give us instructions in writing by letter, email or fax or by another method agreed by us. We will tell you what is possible when you contact us.

What information do we maintain about you and how can you access it?

We maintain a record of your personal profile. That record contains information about insurance policies that we have arranged for you. The record may also contain details of your objectives, financial situation and needs collected for the purpose of giving you personal advice. We also maintain records of any recommendations made to you.

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 access your file, please ask us.

How are we remunerated for our services?

When we act on your behalf in advising on or arranging insurance we can be remunerated in a number of ways. They can vary according to the service you require and/or our arrangements with the relevant insurer or their representative.

Premium Funding

If we arrange premium funding on your behalf we will receive a commission from the premium funder calculated on the amount of funding provided to you. If your

contract is arranged with Pacific Premium Funding Pty Ltd as part of a preferred supplier agreement between us and Austbrokers Holdings Ltd (ABN 60 000 000 715), we receive (a) a commission which is a percentage of the amount of funding provided to you; (b) a payment based on a percentage of all loans arranged each month; (c) a payment based on a percentage of certain fees and interest received by Pacific on the total amount of outstanding loans less certain expenses; and (d) a proportion of certain upfront payments received by Austbrokers Holdings Ltd from Pacific based on the value of the loans arranged with Pacific in an agreed period when compared with those arranged by other Austbrokers members. Austbrokers Holdings has an equity holding in Markey Group Pty Ltd so we may benefit from any profit made by this entity due to this arrangement.

Authority of Corporate Authorised Representative

The Corporate Authorised Representative is authorised to provide all of the services we can offer.

Please note: we are responsible for the services provided by the Corporate Authorised Representative that is authorised for in this document. We are not responsible for any unauthorised services (to the full extent permitted by law) so check the services provided are authorised.

We have authorised the distribution of this FSG by the Corporate Authorised Representative.

We are remunerated by:

- commission from the insurer plus a broker fee we charge you. In limited cases we may also receive remuneration from an insurer based on the profitability or volume of the business we place with them.
- "Fee Only – No Commission".
- a combination of the above. For example, in some cases we may be remunerated by commission for the arrangement of some products and "fee only – no commission" for other products or services we provide.

Details are provided below on each.

Commission paid by the insurer to us

Unless we tell you in writing that we will provide our service on a "Fee Only - No Commission" basis, we are remunerated by commission from the relevant insurer whenever you enter into an insurance policy arranged by us (including renewal and some variations which increase the premium payable).

The commission is a percentage of the insurer's base premium (ie. premium excluding stamp duty, fire services levy, GST or any other government charges, taxes, fees or levies). The rate ranges between 0% and 25% excluding GST. Different insurers can agree to pay us different commission rates for the same type of products. The rates also vary for each product type. In some cases the rate may be higher because of the role we play in performing certain distribution functions the insurer would otherwise have to perform.

The commission rate does not represent our profit margin as it also reimburses us for administrative and other expenses we incur in providing our services. It also covers the cost of performing the distribution functions of the insurer such as data entry, marketing, annual renewal marketing, claims follow-up and document printing. The commission is included in the premium amount set out in your invoice and we receive it when you pay the premium or at a later time agreed with the insurer. By way of example, if you buy a policy and the base premium is \$400 and our commission is 10% excluding GST, we receive \$40 plus GST on this amount from the insurer.

If we act on your behalf and you cancel a policy and obtain a refund of premium you agree that we can keep our commission. If we didn't do this we would not be properly paid for the services provided by us to you.

Other remuneration arrangements we have with insurers

In addition to the above, our licensee Markey Group Pty Ltd is part of the Zurich Zenith programme, the Allianz Blue Eagle and the QBE Commercial "Intermediate Profit Share" programme which all include a possible profit

share component. The amount of profit share for both programmes is essentially determined by the amount of the premium earned when compared with the claims experienced in Markey Group Pty Ltd's total portfolio with the relevant insurer. Due to the contingent nature of insurance, and the way the arrangements are set up, it is not possible to know the amount of any profit share, if any, to which Markey Group Pty Ltd may be entitled until 3 months after the end of the qualifying period.

Through its participation in these arrangements, Markey Group Pty Ltd has an association with these insurers which it wishes to bring to the attention of its customers.

Another component of the Zurich programme is broker services. Markey Group Pty Ltd is entitled to up to \$7,000 of services, paid for by Zurich, that contribute to staff training and the development of a more professional business. See below for soft dollar benefits we may receive from insurers and our policy on this.

We are also a member of the Austbrokers Group of insurance brokers. Austbrokers Holdings Limited (ABN 60 000 000715) (AHL) and IBNA Ltd (ABN 43 086 563 055) (IBNA) are joint owners of A & I Member Services (AIMS) a company that provides marketing, distribution and training services to members of the Austbrokers & IBNA group. Some insurers pay a commission to AIMS on selected products arranged by Austbrokers and IBNA members which is an agreed % of the base premium (before government fees & charges). We may also be entitled to share in any excess of the commission received by AIMS in any one annual period (if any) after the deduction of AIMS costs from providing its services.

Fees Paid by You

We may charge you:

- an administration fee in addition to commission when you enter into an insurance policy.
- a flat fee for arranging an insurance policy or a fee based upon the time we spend advising you.
- annual management fee.

We charge these fees to you for the cost of services that are not covered by the commissions received by insurers.

Activities that such fees cover include:

- Market research on products available.
- Assessing the claims paying ability of insurers.
- Sourcing alternative quotations and coverage.
- Risk analysis and insurance portfolio co-ordination.

You will be informed of the nature and amount of any fee involved prior to us performing the service for you. The fee is noted in the invoice we send you. It is not refundable.

Where there is a referral

If we refer you to another service provider such as a premium funder or our associated Markey Financial Services entity for life risk, superannuation or financial planning, we will be remunerated by them for doing this unless we tell you we aren't. The amount ranges between \$0% and \$5% and will vary depending on both our role and the business concerned.

In making any referral we do not advise or represent that their products and services are right for you and take no responsibility for the products and services they may provide to you. You need to make your own decision based on the information they provide.

Our staff's remuneration

Our staff receives an annual salary that may include bonuses based on performance criteria (including sales performance) and achievement of company goals. They may also receive certain soft dollar benefits described further below.

Receipt of Soft dollar benefits policy

From time to time we and our representatives may also receive what are commonly referred to as "soft dollar benefits" from product issuers and other financial service providers we deal with.

These can include entertainment (eg. lunches, sporting events, movies etc), conferences (eg. attendance at a

product issuer conference or sponsorship of our Austbroker Group Annual conference by a product issuer), accommodation and travel, business tools (eg. software); gifts (e.g. product issuer or service provider branded promotional and other occasional small gifts such as bottles of wine or hampers on special occasions etc).

These benefits are provided by a wide range of product issuers and service providers. In most cases they relate to our development of an understanding of the product issuer and service provider and their product ranges and practices etc. Ultimately, this assists us in better servicing and representing you.

Our policy is that any of the above received by us or our representatives that exceed \$300 per item or transaction in estimated value are potentially material.

This means they must be disclosed to our Conflicts Manager in writing. The Manager determines if appropriate procedures are in place to manage or avoid any potential conflict of interest which might arise. They only approve benefits where this is the case and retain a record of this which you can access on request.

The above restriction does not apply to conferences or functions, the principal purpose of which is professional development and where the right to attend is not based on volume.

Do we have any relationships or associations with issuers or related bodies corporate that might influence our service or advice?

Markey Group Pty Ltd has a relationship with Austagencies Pty Ltd through a common shareholder Austbroker Holdings Pty Ltd. This will only be a potential conflict if you are considering a product with one of the following; Australian Bus & Coach Underwriting Agency, CPE Insurance Agency, Sentinel Underwriting Agency, Unitas Underwriting Agency, 5 Star Underwriting Agency, Latitude Underwriting Pty Ltd and Dolphin Underwriting Agency.

Markey Group Pty Ltd has a relationship with Global Assured Finance through a common shareholder, Austbroker Holdings Pty Ltd and common directors. The commission if any received by Markey Group Pty Ltd from Global Assured Finance for arranging a premium funding contract is paid at a commercial rate similar to that paid by other premium funding companies. This will only be a potential conflict if you are considering a premium funding contract with Global Assured Finance.

Markey Group Pty Ltd's wholly owned subsidiary Markey Financial Services Pty Ltd is a partner in Markey Financial Services. If you are referred to Markey Financial Services for Life, Superannuation or Financial Planning, Markey Group Pty Ltd will no longer be acting as your agent. Markey Group Pty Ltd may receive commission from Markey Financial Services for the referral.

We do not receive any benefit from them that is different to that received by any unrelated third party providing the same service as us. As a member of the same corporate group we may indirectly benefit from this recommendation if it improves the group's performance.

How do we manage Conflict of Interest?

We take any potential conflicts of interest seriously and have a Conflict of Interest Policy which we and our representatives must comply with and you can access by contacting us. Compliance is audited on a regular basis.

Conflicts of interest are circumstances where some or all of your interests as our client, are or may be inconsistent with, or diverge from, some or all of our interests.

Our procedures and training are all designed to properly manage any conflict of interest and it is important to note that we have legal duties we owe you when we act as your professional adviser. We treat these very seriously.

A key conflict faced when we act on your behalf is where we receive benefits from someone other than you – this can potentially influence us to act in their or our interests rather than yours. Where we arrange a policy an insurer can pay us commission (See above for details). It is the

major form of insurance broker remuneration and can create a potential conflict of interest because it may be in our interest to recommend the product issuer or service provider that pays us the most because it increases our remuneration. This may not be in your interest in certain circumstances.

We have a number of procedures in place to manage this potential conflict of interest. For example, we tell you about this remuneration arrangement in this Guide and you can ask for more detailed information if you need it before you proceed. Where we provide personal advice we have a legal duty as a professional to put your interests ahead of our own and can only provide you with advice that is appropriate for you. If we can't provide such advice we will tell you. We and our representatives are trained in this important duty and compliance with it is monitored regularly.

If you have any questions make sure you ask us.

Cooling off Period

A cooling off period may apply to an insurance policy issued to you as a retail client. During the period you may return the policy. Details of your cooling off rights are included in the relevant Product Disclosure Statement document. Ask us if you do not understand the right.

Other terms of our Service

Misstatement of Premium

We try to tell you the correct amounts of premium and statutory and other charges that apply to your insurance. In the event that we misstate that amount (either because we have made an unintentional error or because a third party has misstated the amount), we reserve the right to correct the amount. Where permitted by law, you shall not hold us responsible for any loss that you may suffer as a result of any such misstatement.

Professional indemnity insurance arrangements

We and our representatives are covered under professional indemnity insurance that complies with the requirements of Section 912B of the Corporations Act.

The insurance (subject to its terms and conditions) will continue to cover claims in relation to our representatives/employees who no longer work with us (but who did at the time of the relevant conduct).

What should I do if I have a complaint?

If you have any complaints about the service provided to you, you should take the following steps.

1. Contact us and tell us about your complaint.
2. If your complaint is not satisfactorily resolved within 24 hours, please contact the Complaints Officer on telephone number 02 4925 6555 or put your complaint in writing and send it to the Complaints Officer at: Markey Group Pty Ltd, PO Box 909, NEWCASTLE NSW 2300.
3. Please mark the envelope "Notice of Complaint". We will try and resolve your complaint quickly and fairly.

If the complaint can't be resolved to your satisfaction within 20 business days, you have the right to refer the matter to the Financial Ombudsman Services (FOS). We will provide you with further details about FOS upon lodging your dispute with us, or at any time upon your request.

If you have any further questions about this financial services guide please contact us on phone number 02 4925 6555. Retain this document for your reference and any future dealings with David Young Insurance Services Pty Ltd.