

FINANCIAL SERVICES GUIDE

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Version 3



INSURANCE BROKERS

Koch Brokers Pty Ltd T/A KIB Insurance Brokers

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ABOUT THIS GUIDE

This guide provides information about the financial services provided by **Koch Brokers Pty Ltd**. It has been provided to help you decide whether to use the financial service advice offered.

This guide also provides information on how **Koch Brokers Pty Ltd** and other relevant persons (ie. employees & authorised reps) are remunerated and about what to do if you have a complaint.

You will receive a Product Disclosure Statement (**PDS**) or policy wording along with a Statement of Advice (**SOA**) for the financial product(s) we have provided.

The purpose of the **PDS** is to help you make an informed decision about whether the product(s) is suitable to your requirements and whether to acquire the product(s) on offer.

The **SOA** includes information such as the commission and or fees payable, risks, benefits and significant characteristics of a particular insurance product.

WHO DO WE ACT FOR WHEN PROVIDING THE FINANCIAL SERVICE ADVICE?

Your Question: Who will be providing the financial service advice to me?

Answer: **Koch Brokers Pty Ltd** will be providing the financial service advice to you via their qualified employees and authorised representatives. Please refer to other sections of this guide or the Supplementary Financial Services Guide (SFSG) for details about your adviser. **Koch Brokers Pty Ltd** is the holder of an Australian Financial Services Licence. (Licence number 226904)

Your Adviser is qualified to provide you with the types of product advice detailed in this guide. In most cases general advice will be provided, however if you do require personal advice, this is also available. Your adviser will be acting for you on behalf of **Koch Brokers Pty Ltd** as an employee or Authorised Representative. **Koch Brokers Pty Ltd** is therefore responsible to you for any financial services advice that is provided. Our primary duty is to act on your behalf, our client, at all times and not any particular General Insurance Company.

Koch Brokers Pty Ltd is a member of the Council of Queensland Insurance Brokers Inc.

OUR SERVICES

Koch Brokers Pty Ltd is committed to providing sound advice based upon your needs and our comprehensive market knowledge.

We offer a range of services to assist you in protection of your assets. These include:

- Reviewing and advising on your insurance needs.
- Arranging and renewing insurance contracts on your behalf.
- Arranging premium funding, if required.
- Assisting with the lodgement of insurance claims.
- Providing ongoing advice about the insurance products we have recommended for you.

APPROVED PRODUCT LISTING

We maintain an Approved Product Listing that details the products that we recommend to our clients. All staff making product recommendations to clients must be familiar with the Approved Product Listing.

Apart from providing guidance on the relative benefits and disadvantages associated with each product the list will also identify any products that are impacted by preferential remuneration arrangements. When recommending products that involve significant additional commission payments we are careful to ensure the advice provided is appropriate and driven by the client's needs rather than our income.

UNDERWRITER ADMINISTRATION

In determining whether we wish to deal with a particular insurer, underwriting agency or wholesale broker we need to balance the requirement to ensure we have access to the broadest possible range of products for our clients with the administrative cost of maintaining a relationship with each of our suppliers.

We maintain (via our broking computer system) a list of Insurers, Underwriting Agencies and Wholesale Brokers with whom we deal. The computer system is maintained by one of our Responsible Officer(s) or a duly authorised staff member.

Wherever possible locally authorised insurers, underwriting agencies and wholesale brokers representing local insurers are used and/or sourced for securing our clients business.

SOME OF THE COMPANIES WE MAY RECOMMEND

- AFA Pty Ltd
- Allianz Insurance
- AMP/GIO
- Associated Marine
- CEMAC Pty Ltd
- CGU Insurance
- Caravan Insurance Leaders
- Club Marine
- Lumley General Insurance
- National Transport Insurance
- QBE Commercial
- QBE Professional Risks
- Vero Insurance
- Zurich Insurance Australia

TYPE OF INSURANCE	BRIEF DESCRIPTION OF COVERAGE
Accidental Damage	Loss or damage to fixed assets caused by an accident.
Aviation Hull	Loss of or damage to aircraft and related equipment.
Burglary	Theft of property following forcible and violent entry to premises.
Business Interruption	Loss of Profits and increased expenses after suffering a loss to fixed assets.
Contract Works	Loss or damage to assets or property during the course of construction.
Contractors Plant & Machinery	Loss or damage to mobile plant & equipment.
Directors and Officers Liability	Liability for a wrongful act committed by the directors or officers of a company.
Electronic Equipment	Loss or damage caused to Electronic Equipment after an accidental Breakdown
Employee Dishonesty	Losses due to the dishonesty of employees.
Employment Practices Liability	Liability for employment related issues inc. wrongful dismissal, sexual harassment & discrimination.
Farm & Crop Insurance	Loss or damage to Farm Machinery, Buildings, Livestock & Crops.
Fire & Perils	Loss or damage to fixed assets caused by a list of specified perils.
Glass	Damage to fixed internal and/or external Glass.
General Property	Loss or damage to mobile equipment and stock (eg. Laptop computers, mobile phones).
Group Title Insurance	Loss or damage to the common roads, curbing etc in group titled properties.
Householders	Loss or damage to residential premises and their contents
Home Removals Insurance	Loss or damage to Home Contents whilst in transit.
Industrial Special Risks	Fire and Perils and Accidental Damage to large fixed Assets.
Jewellers Block	Loss or Damage to stock of precious metals and gems held by Jewellers.
Landlords Insurance	Loss or damage to tenanted residential properties including loss and/or default of rent.
Machinery Breakdown	Loss or damage caused by mechanical or electrical breakdown of plant and equipment.
Marine Builders Risks	Loss or damage to Vessels during construction, testing and commissioning and delivery.
Marine Cargo	Damage to goods whilst in transit.
Marine Hull / Pleasurecraft	Damage to private and commercial vessels and related equipment.
Marine Liability	Bodily injury and property damage arising from Marine related risks (eg. Shiprepairers)
Money	Loss or damage to cash, cheques, negotiable instruments.
Motor—Private	Loss or damage to registered private vehicles—sedans, wagons, motorcycles etc.
Motor—Commercial	Loss or damage to registered commercial vehicles—Trucks, Vans, etc.
Personal Accident & Illness	Loss of Income due to Accident or Illness.
Professional Indemnity	Liability for negligent services performed or advice given to clients.
Public Liability	Liability for bodily injury and property damage arising from business activities.
Products Liability	Liability for bodily injury and property damage arising from products manufactured, imported or sold.
Strata Title Insurance	Loss or damage to strata-titled residential and or commercial premises and their common contents. We only do this insurance for the benefit of unit owners. We do not pay commissions to Body Corporate Managers.
Tax Audit and Investigation	Expenses due to unexpected audits required by any statutory body, inc. the Australian Tax Office.
Travel Insurance	Cover for losses occurred during Domestic and Overseas Travel

RESPONSIBILITY FOR TRAINING & DEVELOPMENT

At **Koch Brokers Pty Ltd** we have an ongoing commitment to undertake training and development for professional accreditation as required by the Australian Securities and Investment Commission (ASIC). Our employees & authorised representatives attend monthly in-house training sessions as well as insurance industry sponsored training conferences.

CONFLICTS OF INTEREST

As General Insurance Brokers, **Koch Brokers Pty Ltd** have no obligations or commitment to any general insurance company. As previously stated, our first duty is to represent you, our client.

REMUNERATION OR OTHER BENEFITS PAYABLE

You are entitled to know how and what we will charge for our services and what other benefits we receive.

Upon the acceptance and completion of new business, renewals & policy endorsements General Insurance Companies pay a brokerage normally ranging between 0% and 22.5% of the base premium (excluding GST & Stamp Duty). In addition to this **Koch Brokers Pty Ltd** may charge a broker fee. This fee is usually 5% of the base premium (excluding GST & Stamp Duty) subject to a minimum.

For example a Gross premium of \$605.00 is made up of a base premium of \$500.00 (brokerage would be \$50.00) GST \$52.50, Stamp Duty \$27.50, Broker Fee \$25.00. Total income to Koch Brokers Pty Ltd could be \$75.00 (based on brokerage of 10% plus 5% fee).

A Credit card fee of 2.00% is charged for credit card transactions. This fee represents the Merchant Facility Fee charged to **Koch Brokers Pty Ltd** by the financial institution used. This charge may vary.

Once payment is made to **Koch Brokers Pty Ltd**, the funds are deemed Underwriters Money and are held in trust. **Koch Brokers Pty Ltd** may earn interest on the monies held in trust for underwriters (insurance companies).

No refund of brokerage or fees will be made at anytime as they are deemed to be fully earned at inception of policy. From the policy fees and brokerage, Koch Brokers pay all business operating costs such as salaries, rent, computer support, insurance, motor vehicle expenses and other administration costs.

PREMIUM FUNDING

Premium funding products enable you to pay your premiums by instalment. Premium Funders do charge fees and interest. **Koch Brokers Pty Ltd** can arrange Premium Funding contracts on your behalf and a fee of up to 5% as well as bonuses and rewards may be paid to **Koch Brokers Pty Ltd**.

IF YOU HAVE ANY COMPLAINTS

We have established a complaints resolution process.

-Call or write to your adviser and tell them about your complaint. We will try to resolve your complaint quickly and fairly.

-If your complaint is not satisfactorily resolved within 3 days, please contact Mr Graham Koch, Complaints Manager for **Koch Brokers Pty Ltd**, 606 Bruce Highway, Woree Qld. 4868. Ph 07 4054 8300 or Fax 07 4033 7400.

-If you still do not get a satisfactory outcome of your complaint you can contact the Financial Ombudsman Service Ltd, GPO Box 3, Melbourne, Ph 1300 78 08 08 to investigate the matter. Koch Brokers Pty Ltd is a member of the Financial Ombudsman Service.

PROTECTING YOUR PRIVACY

THE WAY WE HANDLE YOUR PERSONAL INFORMATION

We collect personal information for the purpose of providing you with appropriate insurance products, advice. You can choose not to provide personal information; however, we may refuse and be unable to process your request.

We may disclose information we hold about you to other insurers, an insurance reference service or as required by law. In the event of a claim, we may disclose information about you to investigators or legal advisors.

You are free to access and update your personal information when required.

YOUR DUTY OF DISCLOSURE

Before you enter into a Contract of General Insurance with an Insurer, you have a duty of under the Insurance Contracts Act 1984 to disclose to the Insurer every matter that, you know or could reasonable expect to know, is relevant to the Insurer's decision whether to accept the risk of 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 matter:

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

NON-DISCLOSURE

If you fail to comply with your duty of disclosure the Insurer may be entitled to reduce the 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.

COOLING Off INFORMATION - Retail Insurance Only

You have a cooling off period. During the cooling-off period, you may return your insurance contract to us and cancel the contract.

You may do this by notifying us in writing or electronically.

You may exercise this right during the period of 14 days

starting on the earlier of:

- the time you received confirmation of this insurance transaction or
- the end of the 5th day after the day on which this insurance contract was issued to you.

You cannot exercise your right at any time after:

- you have exercised a right or power under your insurance contract. (e.g. you have made a claim) or:
- your rights or powers under your insurance contract has ended.

If your insurance contract is for an event that will start and finish within the 14 day cooling-off period, you can only exercise your right before the event starts or the expiry of the cooling-off period, whichever is the earlier. For example, for travel insurance, the commencement of the journey is the event.

If you exercise your right to return this insurance contract then it is terminated with effect from that time.

You will receive a pro rata refund. Deductions are for

- any non-refundable tax or duty paid.
- any reasonable administrative and transaction costs.

SUMS INSURED – AVERAGE AND CO-INSURANCE

Some insurance contracts require you to bear a proportion of each loss or claim if the sum insured is inadequate to cover the amount of the loss. These provisions are called 'average' or 'co-insurance' clauses. If you do not want to bear a proportion of any loss, when you arrange or renew your contract of insurance, you must ensure that the amount for which you insure is adequate to cover the full potential of any loss. If you insure on a new for old basis, the sum insured must be sufficient to cover the new replacement cost of the property.

INTERESTS OF OTHER PARTIES

Some insurance contracts do not cover the interest in the insured property or risk of any one other than the person named in the contract. Common examples are where property is jointly owned or subject to finance but the contract only names one owner or does not name the financier.

Please tell us about everyone who has an interest in the property insured so that we can ensure that they are noted on the contract of insurance.

WAIVER OF RIGHTS

Some insurance contracts seek to limit or exclude claims where the insured person has limited their rights to recover a loss from the person who was responsible for it, eg by signing an agreement which disclaims or limits the liability of the other party. Please tell us about any contracts of this type which you have or propose to enter into.

STANDARD COVERS

The Regulations to the Insurance Contracts Act set out standard terms for the cover which is provided by motor vehicle, home buildings, home contents, sickness and accident, consumer credit and travel insurance (including a minimum amount of insurance). If an insurer wants to alter these terms or offer less than the minimum amount of insurance they must clearly inform you in writing that they have done so. They can do this by providing you with a Product Disclosure Statement or a copy of the Insurance Contract.

UNUSUAL TERMS

If an Insurer wants to rely on a term in a contract of insurance which is not usually included in contracts that provide similar cover, they must clearly inform you in writing of that term. Again, they may do so by providing you with a copy of the insurance contract.

NEW BUSINESS

You can give us instructions by telephone, mail, email or fax. To begin, we will conduct a fact finding interview where we will discuss your current insurance requirements. This will include information on your existing insurances. The information gathered, enables us to present a written recommendation designed to address your insurance needs. When you are happy with the recommendations, we will oversee document completion and policy implementation.

Where you are entering into a Policy for the first time (that is, it is new business and is not being renewed, varied extended or reinstated) you must tell us everything you know and that a reasonable person in the circumstances could be expected to tell us, in answer to the specific questions we ask.

You risk making a financial commitment that may not be appropriate to your needs and objectives if you do not provide full information or accept the Adviser's recommendation. You should be aware that the provision of appropriate advice may not be possible unless the Adviser is in possession of all the relevant information.

Where we provide general advice only (ie. advice that does not take into account your specific financial situation, objectives and needs), we will give you a Statement Advice Limited at the time and you should consider the product information we provide in deciding whether it is appropriate for your specific financial situation, objectives and needs.

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 information which you need to disclose to the Insurer.

Where necessary we will send you a proposal for completion. You will need to complete and sign this and return it to us along with payment as soon as possible and before the interim cover expires. Please note that in some cases an interim contract may not be available.

RENEWALS

We will normally give you at least 14 days notice of expiry of any insurance contract which we arrange or last renewed for you. You will always have 14 days notice for payment after you receive your renewal.

At the time we will send you an offer to renew the insurance contract in the form of an invoice for the cost of the renewal. If you want to change the details of the cover, contact us as soon as you receive the renewal offer. If you wish us to renew the contract on your behalf, you must provide us with written instructions to do so and/or pay the premium and other charges before the date shown on the invoice.

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. **Your Policy expires at 4pm on due date.**

CANCELLATIONS AND VARIATIONS:

If you want to vary or cancel your Insurance Contract, it must be done with written instructions from you. We can not cancel any contract of insurance which is subject to the Marine Insurance Act 1909. No refund of brokerage or fees will be made at anytime as they are deemed to be fully earned at inception of policy.

Some policies (eg. Professional Indemnity Policies) are non cancellable and refunds are not available. Some insurers, underwriting agencies and wholesale brokers may charge penalties for cancellation of a policy after cover has been bound.

CLAIMS

Where claims are not handled direct with the Insurance Underwriters, we will receive your claims notifications, assist and advise you regarding the scope of cover and pass the information to the Insurer.

If a loss adjustor 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 adjustor if requested.

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 may assist with claims lodgement on your behalf subject to a claim service fee of **\$150.00** per hour plus GST.

Please note all decisions to pay or deny claims are made by your insurer. As insurance brokers we represent you and can only assist with lodgement of your claim and other related matters on your behalf.

IMPORTANT RELATIONSHIPS:

- **Koch Brokers Pty Ltd** is an independently owned insurance brokerage.
- Directors Graham and Janet Koch are also Directors of Koch Investment Holdings Pty Ltd
- **Koch Brokers Pty Ltd** do not hold any binders with Insurance Underwriters.

WHO IS KOCH BROKERS?

Koch Brokers Pty Ltd was established in Australia in 1992 and became a registered General Insurance Broker with the Insurance & Superannuation Commission (ISC) in October 1999. The jointly owned Company is owned by Graham & Janet Koch. **Koch Brokers Pty Ltd** is responsible to you for any advisory services our advisers provide.

HOW OUR AUTHORISED REPRESENTATIVES ARE REMUNERATED

CAIRNS: Graham Koch Authorised Rep. No: 260424

Graham Koch is remunerated by Profit Share.

ATHERTON: Leigh Robinson Authorised Rep. No: 247463.

Leigh Robinson is remunerated by brokerage

NAHISTORY OF COMPLIANCE FORMS