

Broker Manual

For General Insurance Broker

SAMPLE

About the Financial Adviser Manual

The Broker Manual contains an outline of the insurance broking process. It briefly describes each step in the process and incorporates professional, compliance and risk management obligations into each step. You may wish to customise it to reflect the way you provide advice.

It has been written as a guide and you can customise it to develop internal policies and procedures to create a set of standards for the manner in which you service your clients and to assist you to operate consistently and efficiently. Take care not to delete any of the legal requirements.

The detailed Companion to the Broker Manual provides comprehensive information on key topics.

It is advisable to make compliance with your policies and procedures (and management directions) a condition of employment for all staff. This emphasizes how important it is for your advisers to comply. It also enables you to reward staff who do adhere to them, and manage those who do not!

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SAMPLE

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(Replacing the Sections B and C of the Gold Book – Business Operations Manual for Professional Insurance Intermediaries, published by GoldSeal).

- Income and expenses;
- Any investments which require insurance – i.e. investment property etc.;
- Prior claims history and track record with insurers; and
- Preferred payment options – credit card, premium funding, cash etc.

Use a Fact Find/Needs Analysis to guide you as to the information required to assess the client's insurance needs. If this includes personal or sensitive information, give the client a copy of our Privacy Policy and your Privacy Collection Statement (if not already given in the FSG).

See the Companion to the Broker Manual for more details of about privacy and the use of Privacy Collection Statements.

10. Can You Act?

Before proceeding further, consider whether the services you offer and your competencies will meet the client's requirements. Also identify if there are any impediments to you acting as the client's broker.

Consider:

- Do you have the appropriate abilities, skills and knowledge to meet the client's expectations? Can you or some else in your office provide the services they need? If you can't, you may need to refer them to another broker or to NIBA for assistance in finding a suitable broker.
- Do you have any conflicts of interest that would affect your ability to look after the client's best interests? For example are there circumstances or relationships that mean that your personal interests will conflict with the client's interests. Tell the client about any such conflicts of interest (i.e. if you will wish to refer them to related parties, premium funding, commissions/relationships etc.) and only proceed if they are comfortable with them.

See the section on Conflicts of Interest in the Companion to the Broker Manual for more information.

- Is the client foreign owned or controlled by a foreign entity? Is the client or their parent company is a 'sanctions-affected' person? You cannot act if the person is or is controlled by an entity that is subject to UN sanctions.

See the section on Restrictions on Acting for Foreign Clients in the Companion to the Broker Manual for more information.

11. Your duties to the client

Regardless of whether your client is an individual, small business or a large business, you have a duty to:

- Provide your broking service honestly, efficiently and fairly;
- Exercise reasonable care and skill in the provision of your services; and
- Act in the client's best interests.

If you fail to do so, your licensee may be liable for any loss suffered by the client because of your failure.

You and your licensee are liable for errors of judgement, if the error is a lapse from the standard of care and skill expected of a reasonably qualified and competent insurance broker in the circumstances. Not all errors of judgement will amount to a breach of your professional duty of care. This is why you need to fully appreciate your client's requirements and understand the insurance you're advising on and arranging and deal with the client's policies in a professional and prudent manner.

If you follow the procedures and guidance in this Manual, you will be able to discharge your professional duties to the client and comply with the law.

For more details about your duty, see the Companion to the Broker Manual on Duties to the Client.

The next sections look more closely at the different requirements for servicing retail clients and servicing wholesale clients.

12. Servicing retail clients



12.1 Client engagement/FSG

Send a Letter of Engagement and/or FSG before your meeting or before you provide an insurance quotation. If you use a Letter of Engagement for retail clients, this should be signed by the client and returned to you.

Use the Letter of Engagement to describe the scope of your engagement – i.e. whether you're engaged to advise on only one type of insurance or whether you're engaged to advise on all of the client's insurance needs. This is particularly important if the FSG offers to provide a broad range of insurance broking services to the client.

Advise the client if there are any limitations on your services or the type of advice that you will provide to the client – “we only provide general advice on renewal of retail/personal insurances unless you ask us for personal advice”.

See the Companion to the Broker Manual on Client Engagement and Financial Services Guides.

12.2 Quotations

Sometimes people are simply 'shopping around' for quotes - so decide whether you are willing to provide quotes to people who phone around for them or whether you will only do this if you are first engaged as the person's broker.

Remember, providing a quotation can be a financial service - if you decide which policies and insurers you will seek quotes from. This usually requires you to give the FSG before or at the same time that you supply the quote.

However, if the client tells you who they want you to seek quotations from, you don't need to give an FSG or PDS at the time of quoting if you:

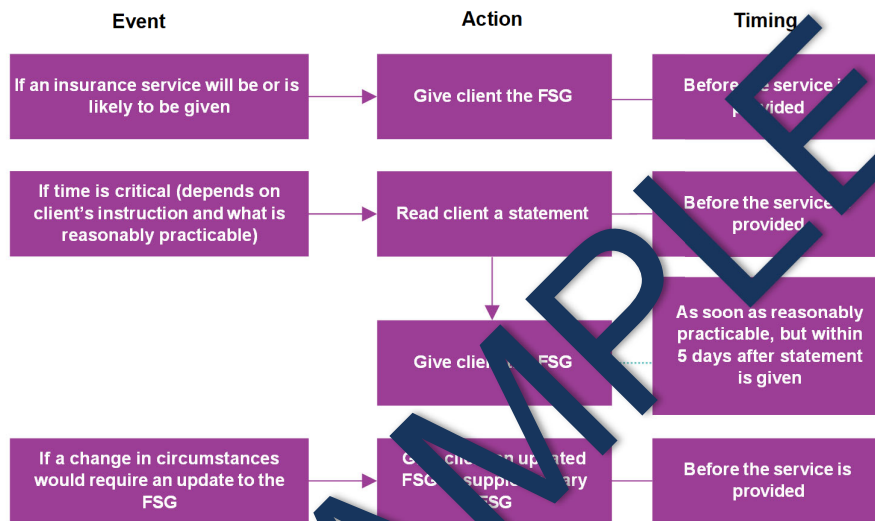
- Inform the client that:
 - the insurance cover is subject to exclusions and limitations;

- information about those exclusions and limitations is contained in the PDS; and
- the level of cover under the policy quoted may be different to the level of cover under other policies; and
- Ask the client whether they want to be given the PDS now – however you can't influence the client's decision about whether to request the PDS.

12.3 Giving the FSG – general principles

If you don't give the FSG when you are supposed to do so, it is a breach of the financial services laws, so don't forget to give it.

The diagram below illustrates when an FSG should be given.



The FSG can be provided by:

- Giving it to the client – in a face-to-face meeting;
- Sending it to the client electronically (e.g. by email, app notification or other digital message);
- Sending it to the client's postal or street address or fax number; or
- In any other manner that is agreed to by the client.

The FSG can be given to an agent for the client, but not where that agent is the client's broker or acting as an insurance intermediary (i.e. the person is an AFS Licensee, Authorised Representative, or someone who is providing a financial service to the client). That would defeat the purpose!

TIP

You don't need to give an FSG to a client who already has an up to date FSG, e.g. there is no need to give an FSG on renewal if the FSG has not changed since it was last given to the client.

Refer to the Financial Services Guide section in the Companion to this Manual for more information on other circumstances where you are not required to give an FSG.