



# Smart Insurance Solutions

Financial Services Guide  
v1.1 30 March 2017

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## Financial Services Guide

This Financial Service Guide (FSG) sets out the products and services that we offer you. It is designed to assist you in making an informed decision about whether to use any of those services and contains important information about:

- > how we and our representatives are paid;
- > any potential conflict of interest we may have;
- > our internal and external dispute resolution procedures and how you can access them; and
- > arrangements we have in place to compensate clients for losses.

This FSG is also available on our website at [www.ucover.com.au](http://www.ucover.com.au)

The information in the FSG is current at the date of issue and is general information only. In this FSG, the words “we”, “our” or “us” is a reference to U-Cover Pty Ltd. “You” and “your” refer to you as our client or the insured person.

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

U-Cover Pty Ltd (ACN 134 723 587)  
as trustee of the U-Cover Trust (ABN 64 608 402 587)  
T 1300 826 837  
F 02 9223 1333  
[admin@ucover.com.au](mailto:admin@ucover.com.au)  
Level 12, 9 Castlereagh Street,  
Sydney, NSW 2000  
As a Corporate Authorised Representative  
(AR no. 334641) of Coverforce Pty Ltd.

Coverforce Pty Ltd  
ABN 31 067 079 261  
AFSL 238874  
Level 12, 9 Castlereagh Street Sydney NSW 2000  
T 02 9376 7888  
E [admin@coverforce.com.au](mailto:admin@coverforce.com.au)

## When we provide advice

If we provide you with General Advice, or assist you in obtaining a Retail insurance product (as defined in the Corporations Act 2001), we provide you with a general recommendation or opinion about a product which does not take into consideration your financial needs, situation or objectives. In these circumstances we will provide you with a General Advice Warning. We recommend that you read the relevant Product Disclosure Statement (PDS) in order to determine if that product is right for you. The PDS will contain information about the particular policy which will enable you to make an informed decision about purchasing that policy.

We will provide you with further information whenever we provide you with Personal Advice which takes into account your objectives, financial situation and needs. This information may include the advice that we have given you, the basis of the advice and other information on our remuneration and any relevant associations or interests. This information may be contained in a Statement of Advice (SOA).

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 all other policies available, other than from those insurers we deal with regularly.

## How can I instruct you?

You can contact us to give us instructions by post, phone, fax or email on the contact number or details mentioned on page 1 of this FSG.

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

As a Corporate Authorised Representative of Coverforce Pty Ltd, U-Cover Pty Ltd is able to, amongst other things, deal in and provide financial product advice for life and general insurance products to both Retail and Wholesale clients and operate a custodial and depository service.

We will do this for you, as your broker, unless we tell you otherwise. Sometimes we will act under a binder or agency from an insurer. When we act under a binder or agency we will be acting as the agent of the insurer. This means that we represent and act for the insurer, not for you. We will tell you when we act under a binder or agency arrangement.

When providing the U-Cover Pty Ltd product "Wageguard" at all times we act for an on behalf of the underwriter Hannover Life Re Australasia Ltd (Hannover) under a binder arrangement with it. It is important to note that in these circumstances we do not act for you.

## Who is responsible for the financial services provided?

U-Cover Pty Ltd is responsible for the financial services that will be provided to you including the distribution of this FSG as a Corporate Authorised Representative of Coverforce Pty Ltd.

Coverforce holds a current Australian Financial Services License no: 238874. The contact details for Coverforce are on the first page of this FSG.

Coverforce Pty Ltd has provided U-Cover Pty Ltd (in its capacity as trustee of the U-Cover Trust) with specific authority to provide services on its behalf.

## How will I pay for the services provided?

Payment for the services we provide you are payable directly to U-Cover Pty Ltd. For each insurance product the insurer will charge a premium that includes any relevant taxes, charges and levies. We often receive a payment based on a percentage of this premium called commission, which is paid to us by the insurers. In some cases, you may also be charged a fee. 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. We consider our remuneration is fully earned at the time the invoice is issued.

We make all attempts to provide you with the correct calculations of premium, statutory and other charges that apply to your insurance. In the event that there is an error in these amounts (either because we or a third party have made an unintentional error), we reserve the right to correct the amount. Where permitted by law, you will not hold us responsible for any loss that you may suffer as a result of any such error.

If there is a refund or reduction of your premium as a result of a cancellation or alteration to a policy, or based on a term of your policy (such as a premium adjustment provision), we will retain any fee we have charged you. We will also retain commission depending on our arrangements with the insurer, or charge you a cancellation fee equal to the reduction in our commission.

When you pay us your premium it will be banked into U-Cover Pty Ltd trust account. We will retain the commission from the premium you pay us and remit the balance to the insurer in accordance with our arrangements with the insurer. We will earn interest on the premium while it is in our trust account or we may invest the premium and earn a return. We will retain any interest or return on investment earned on the premium.

Depending on the kind of insurance you purchase, you may also have the option of paying your invoice utilising premium funding. If you do use premium funding you are able to pay your premium by installments, although you will incur a fee and interest. Any benefit we may receive as a result of premium funding being arranged for you is set out in this document.

## Remuneration and Conflicts of Interest

Generally we are remunerated in the following ways:

- > a commission paid to us by the relevant insurer;
- > a service fee; or
- > a combination of fees and commission.

Our commission will be calculated based on the following formula:

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

In this formula:

X = our commission

Y% = the percentage commission paid to us by the insurer. Our commission varies between 0% and 30% (before taxes and statutory charges). Different insurers may pay different rates of commission depending on the type of insurance purchased.

P = the amount you pay for any insurance policy.

We may also receive remuneration from insurers in relation to the management of claims and the administration of policies on an insurer's behalf. The remuneration that we may receive under these arrangements is governed by commercial agreements and may be varied depending on the commercial arrangement in place but can be anywhere up to 10% of commission.

If you pay by credit card we may charge you a fee which is nonrefundable and reimburses us for bank fees, interests and charges associated with the use of a credit card.

## Employee Remuneration

Our employees are paid a market salary and may be entitled to a performance bonus depending on the quality of work that they provide to clients during any financial year and the achievement of company goals.

Our employees may also be invited to annual conferences, receive sponsorship for conferences, functions, meals or other non-monetary benefits from external parties such as insurers, underwriting agencies or reinsurers. You do not bear the cost of these events and such relationships are managed under our conflicts of interest policy. Our policy is that if any of the above items, either received by us or our representatives, exceed \$300 per item or transaction (in estimated value) they are potentially material and must be disclosed to our Conflicts Manager in writing.

### **Authorised Representatives and Referrers**

Authorised Representatives that provide financial services to you on our behalf are also remunerated. Authorised Representatives are not employees and are not paid a salary. Instead, they are paid a commission based on the remuneration that we receive (not in addition to those amounts) generally between 10 – 60%.

If you were referred to U-Cover Pty Ltd by a third party (such as an association or union) we may pay that third party a referrer fee which is calculated on a percentage of the commission that we receive, generally between 10 – 60%. This does not impact on the amount that you are charged for your insurance and the services that we provide.

### **The Coverforce Group and other related entities**

U-Cover Pty Ltd as trustee of the U-Cover Trust is a joint venture between Coverforce Pty Ltd and the Australian Manufacturing Workers Union (AMWU). Remuneration received or paid to the parties of the joint venture under this arrangement is paid in accordance with the parties contractual arrangements and the relevant trust deed.

Coverforce Pty Ltd is a wholly owned subsidiary of Coverforce Holdings Pty Ltd. Coverforce has a number of subsidiary financial services companies including Coverforce Insurance Broking Pty Ltd (ABN 11 118 883 542) and Quanta Insurance Group Pty Ltd (ABN 29 118 886 927)(herein referred to as the Coverforce Group).

Coverforce has also entered into a number of joint venture relationships including U-Plus Pty Ltd (ABN 30 779 952 012).

U-Cover Pty Ltd outsources the administration of its product “Wageguard” to Coverforce Pty Ltd. This includes policy administration and claims management. Coverforce Pty Ltd receives a fee from U-Cover Pty Ltd for providing these services. This fee is calculated under the terms of a contractual agreement between U-Cover Pty Ltd and Coverforce Pty Ltd.

If we recommend a product or service of a company in the Coverforce Group or provided by an entity in any one of our joint venture relationships we may receive benefits as a result of that referral including a share of any commission generated by that referral, dividends, policy administration fees, claims management fees and in some cases a share of that entities profits.

We maintain independence by ensuring that all negotiations and discussions with entities in the Coverforce Group are conducted as if that entity was an unrelated party and the relationship between the entities does not influence us in our recommendation of a product to you. We will always recommend products to you that are an appropriate solution for your needs.

Where there is potential conflict of interest in our remuneration or arrangements generally with entities in the Coverforce Group we manage those in accordance with our conflicts of interest policy which all staff and Authorised Representatives must comply with.

### **Premium Funding**

If we arrange premium funding for you we may be paid a commission by the premium funder. We may also charge you a

fee (or both). The commission that we are paid by the premium funder is usually calculated as a percentage of your insurance premium (including government fees or changes). If you instruct us to arrange or issue a product, this is when we become entitled to the commission.

Our commission rates for premium funding are in the range of 0% to 6% of funded premium. When we arrange premium funding for you, you can ask us what commission rates we are paid for that funding arrangement compared to the other arrangements that were available to you.

Should you have any questions in relation to or remuneration please do not hesitate to contact us.

## **What do we do with our remuneration**

U-Cover Pty Ltd and Coverforce Pty Ltd utilises the remuneration received for a variety of purposes including:

- a. staff salaries;
- b. payments to Authorised Representatives and Referrers; and
- c. funding of normal business operating expenses including rent and IT management.

We often work closely with industry associations and unions in the development and distribution of insurance products to industry groups. These groups often endorse and promote our products to their members. We may pay part of our remuneration to those groups or associations for their assistance and endorsement.

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

Coverforce is a member and shareholder of IBNA Limited t/as Insurance Brokers Network Australia (IBNA). IBNA has exclusive arrangements with insurers where they receive between 0.5% and 1.5% commission on premium placed by us with those insurers. Those payments are used to operate IBNA. As a result of our membership of IBNA we may be entitled to receive a share of the commission earned by IBNA at the end of each financial year, depending on the profitability of IBNA's performance during the year and any operating costs.

As a member of IBNA 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 IBNA subsidised by IBNA or available exclusively to shareholders for a fee.

In some instances we have agreements with insurers to pay us a commission based on the volume of, or profitability, of work that we place with them. These arrangements do not impact on the amount you are required to pay for your insurance nor do they influence us in recommending where you should place your insurance.

Coverforce Pty Ltd and U-Cover Pty Ltd have a relationship with Hannover Life Re Australasia Ltd (ABN 37 062 395 484) as the underwriter of a number of products including those offered by U-Cover Pty Ltd.

Hannover underwrites a number of life products that Coverforce Pty Ltd administers, and manages claims for, on behalf Coverforce Pty Ltd and its joint venture partners.

## 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 or issue for you. We also retain claims information on insured's including medical and financial data records. 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 SOA or 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. A copy is also available on our website, [www.ucover.com.au](http://www.ucover.com.au).

If you wish to look at your file please ask us. We will make arrangements for you to do so.

## What arrangements do you have in place to compensate clients for losses?

Coverforce Pty Ltd has a professional indemnity insurance policy (PI policy) in place that complies with section 912B of the Corporations Act 2001.

The PI policy covers Coverforce Pty Ltd and its representatives past and present (including our Authorised Representatives such as U-Cover Pty Ltd) for claims made against us, Coverforce Pty Ltd and its representatives as a result of any negligent conduct by Coverforce Pty Ltd, us, our employees or representatives in the provision of financial services.

## Contractual Liability and your insurance cover

Many commercial or business contracts contain clauses dealing with your liability (including indemnities or hold harmless clauses). Such clauses may entitle your insurers to reduce cover, or in some cases, refuse to indemnify you at all. You should seek legal advice before signing and accepting contracts. You should inform us of any clauses of this nature before you enter into them.

## Duty of Disclosure

Before you enter into a contract of insurance, you have a duty under the Insurance Contracts Act 1984 to disclose to your insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept this risk and, if so, on what terms. The duty also applies when you renew, extend, vary or reinstate a contract of insurance. You do not have to disclose anything that:

- > Reduces the risk to be undertaken by the insurer;
- > Is common knowledge;
- > Your insurer knows, or in the ordinary course of its business, ought to know; or
- > Your insurer has waived your obligations to disclose.

If you do not comply with your duty of disclosure, your insurer may be entitled to reduce its liability in respect of a claim or may cancel your contract of insurance. If the non-disclosure was fraudulent, the insurer may be able to avoid (or cancel) the contract of insurance from its beginning. This would have the effect that you were never insured.

## Making a claim

Please contact us immediately if you need to lodge a claim.

If any claims are outstanding when you terminate our appointment as your insurance broker, we will provide details of the claim(s) to your new insurance broker so that they may continue to negotiate settlement on your behalf. Alternatively, we can continue to manage your claims for you at a fee of \$250 per hour.

## Material Changes

You must also notify your insurer of any significant changes which occur during the period of insurance. If you do not, your insurances may be inadequate to fully cover you. We can assist you to do this and to ensure that your contract of insurance is altered to reflect those changes

## Cooling Off Period - Retail Insurance only

If you decide that you do not need the retail insurance which has been arranged on your behalf, you have a minimum of 14 days from the earlier of the date you receive confirmation of the contract and the date it was arranged to change your mind. You must tell the insurer in writing that you wish to return the insurance contract and have the premium repaid. If you do so, the insurance contract will be terminated from the time you notified the insurer and the premium will be returned. The insurer may retain its reasonable administration and transaction costs and a short term premium. You cannot return the contract of insurance if it has already expired or if you have made a claim under it.

## What should I do if I have a complaint?

1. Contact U-Cover Pty Ltd and tell us about your complaint. We will do our best to resolve it quickly.
2. If your complaint is not satisfactorily resolved within 14 days, put your complaint in writing and send it to the National Compliance Manager at the address noted at the beginning of this FSG. We will try to resolve your complaint quickly and fairly within 45 days of receipt and acceptance of your complaint.
3. Coverforce is a member of the Financial Ombudsman Service (FOS). If your complaint cannot be resolved to your satisfaction by us you have the right to refer the matter to the FOS. FOS can be contacted at:

Financial Ombudsman Service  
Level 12, 717 Bourke Street  
Docklands VIC 3008

GPO Box 3, Melbourne 3001  
**P** 1300 780 808  
**F** 03 9613 6399  
[info@fos.org.au](mailto:info@fos.org.au)  
[www.fos.org.au](http://www.fos.org.au)

## Any questions?

If you have any further questions about the financial services U-Cover Pty Ltd or Coverforce Pty Ltd provides, please contact us.

Please retain this document for your reference and any future dealings with U-Cover Pty Ltd.

For more information

▶ **1 300 UCOVER**

▶ **ucover.com.au**

Wageguard is managed and administered by U-Cover Pty Ltd (ACN 134 723 587) as Trustee for the U-Cover Trust (ABN 64 608 402 587)

Authorised Representative  
no.334641 of AFSL 238874  
held by Coverforce Pty Ltd  
ACN 067 079 261  
ABN 31 067 079 261

Level 12, 9 Castlereagh Street  
Sydney NSW 2000

Locked Bag 5273  
Sydney NSW 2001

T 1300 UCOVER  
F 02 9223 1333  
admin@ucover.com.au

