

FINANCIAL SERVICES GUIDE – VERSION September 2010

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

PB Insurance ACN 010 647 828 AFS Lic No. 246778 14 Annie St, Caboolture QLD 4510

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Email: enquiries@pbinsurance.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 & contains important information about:

- The services we offer you.
- How we & others are paid.
- Any potential conflict of interest we may have.
- Our Internal & external dispute resolution procedures & how you can access them.

Further information about our advice

We will provide you with further information whenever we provide you with advice which takes into account your objectives, financial situation & needs. This information may include the advice that we have given you, the basis of the advice & other information on our remuneration & any other relevant associations or interests. This information may be contained in a statement of advice. 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 & terms of recommended policies we have not compared those policies to other policies available, other than from those insurers we deal with regularly.

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) or short-form PDS, unless you already have an up to date PDS or short-form PDS from the insurer. The PDS or short term 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 28th September & 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 on the first page of this FSG.

Who is responsible for the financial services provided?

PB Insurance 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. PB Insurance holds a current Australian Financial Services Licence No: 246778. The contact details for PB Insurance are mentioned on the first page of this FSG.

What kinds of financial services are you authorized to provide to me & what kinds of financial products do those services relate to?

PB Insurance is authorized to advise & deal in general insurance products to wholesale &/or retail clients. We will do this for you as your broker unless we tell you otherwise.

Will I receive tailored advice?

Maybe not in all cases. However, we may need information about your personal objectives, details of your current financial situation & any relevant information, so that we can arrange insurance policies for you, or to give you advice about your insurance needs. We will ask you for the details that we need to know. In some cases we will not ask for any of this information. If we do not ask, or if you do not give us all of the information we ask for, any advice you receive may not be appropriate to your needs, objectives & financial situation. You should read the warnings contained in any SOA, or any other warnings that we give you, carefully before making any decision about an insurance policy.

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

We maintain a record of your personal profile, including details of your 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 & any other FSG given to you as well as any Statement of Advice, Important Information Notice, PDS or short form PDS that we give or pass on to you for the period required by law. We are committed to implementing & promoting a privacy policy, which will ensure the privacy & security of your personal information. A copy of our privacy policy is available on request. A copy is also available on our website, www.pbinsurance.com.au. If you wish to look at your file please ask us. We will make arrangements for you to do so.

How will I pay for the services provided?

For each insurance product the insurer will charge a premium that includes any relevant taxes, charges & levies. We often receive a payment based on a percentage of this premium (excluding relevant taxes, charges & levies) called commission, which is paid to us by the insurers. However, in some cases we will also charge you a fee. These will all be shown on the invoice that we send you. 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. If there is a refund of premium owed to you as a result of a cancellation or alteration to a policy, we will retain any fee we have charged you. We may also retain commission depending on our arrangements with the insurer. When you pay us your premium, it will be banked into our trust account. We retain the commission from your premium you pay us & 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 & earn a return. We will retain any interest or return on investment earned on the premium.

How are Commissions, fees or other benefits calculated for providing the financial services?

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% & 25%.

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

We do not often pay any commissions, fees or benefits to others who refer you to us or who refer us to an insurer. If we do, we will pay commissions to those people out of our commission or fees (not in addition to those amounts), in the range of 0% to 50% of our commission or fees. Our employee that will assist you with your insurance needs will be paid a market salary. Employees may also receive a bonus based on

individual performance. If we give you personal advice, we will inform you of any fees, commissions or other payments we, our associates or anyone referring you to us (or us to the insurer) will receive in relation to the policies that are the subject of the advice. See below for information on the steadfast association and commission.

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

PB Insurance is a shareholder of Steadfast Group Limited (Steadfast) AFS Licence Number 254928. Steadfast has exclusive arrangements with some insurers under which Steadfast will receive between 0.5 and 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 & 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 & compliance tools, procedures, manuals & training, legal, technical, banking & recruitment advice & assistance, group insurance arrangements, product comparison & placement support, claims support & group purchasing arrangements. These member services are either funded by Steadfast, subsidised by Steadfast or available exclusively to shareholders for a fee. Steadfast is also a minority shareholder in Miramar Underwriting Agency Pty Limited (Miramar). As a shareholder, Steadfast may receive dividends from Miramar. These amounts will indirectly contribute towards the benefits we receive from Steadfast. Steadfast has a shareholding in Macquarie Premium Funding (MPF). If we arrange premium funding with MPF for you, under its agreement with MPF, Steadfast will receive 0.5% of your insurance premium (including government fees or charges). As an equity shareholder of MPF, Steadfast may also receive dividends from profits of MPF. The amount of the Steadfast dividend is based on the share of profit attributable to funding arranged by Steadfast shareholders. The payments (commission & dividends) that Steadfast receives from MPF are used to operate Steadfast. Depending on the operating costs of Steadfast and the amount of total business we place with MPF in any financial year, we may receive a proportion of those amounts at the end of each financial year. You can obtain a copy of Steadfast's FSG at www.steadfast.com.au.

PB Insurance is a member of the CQIB & may receive indirect benefits from this membership. CQIB negotiates with certain financial product issuers (e.g. insurers) to issue enhanced products for the clients of CQIB members. These enhanced products generally offer broader cover to CQIB members' clients when compared to the standard offerings of the product providers. CQIB may receive royalties and/or sponsorship from financial product and service providers, depending on the continued support of the products by members. Sponsorship allows the product issuers/service providers the opportunity to promote their product range to CQIB members. CQIB also receives sponsorship from financial product issuers and other service providers, for its annual convention and monthly member meetings. Funds received from royalties and sponsorship help meet the cost of the annual convention and member meetings, for running the CQIB secretariat and to provide members' Education Programs. The Education Programs offer opportunities to enhance the skills and knowledge of members' representatives so that they can provide informed advice to their clients.

PB Insurance is also part of the Zurich Insurance (AFS Licence Number 232510) Zenith Program which includes a profit share component. The amount of the profit share is determined by the amount of the premium earned when compared with the claims experienced in PB Insurance total motor & property portfolios with Zurich. Due to the contingent nature of insurance, & the way the arrangements are set up it is not possible to know the amount of any profit share, if any, to which PB Insurance may be entitled until 3 months after the end of the qualifying period. Through its participation in these arrangements, PB Insurance has an association with Zurich which it wishes to bring to the attention of its customers. Another component of the Program is broker services. PB Insurance is entitled to \$5,000 of services, paid for by Zurich, that contribute to the development of a more professional & skilled business.

PB Insurance is not licensed to advise or deal with Guaranteed Renewal Income Protection Insurance, Life Insurance, Trauma Insurance, Superannuation & the like. However, to help our clients with these types of insurances we choose to recommend PB Financial T/as Oristo ABN 99 335 399 879 or Deborah Heindel ABN 945 163 185 09. PB Insurance and its employees may receive commission or other remuneration as a result of referrals to Oristo or Deborah Heindel.

If we arrange premium funding for you, we may be paid a commission by the premium funder. The commission that we are paid by the premium funder is usually calculated as a percentage of your insurance premium (including government fees or charges). 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% - 2% of the 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. The amount of our commission will be set out in the premium funding contract.

What should I do if I have a complaint?

1. Contact us & tell us about your complaint. We will do our best to resolve it quickly.
2. If your complaint is not satisfactorily resolved within 20 days, please contact Karen Takken on 07 5495 5355 or put your complaint in writing & send it to her at the PB Insurance address noted on the first page of this FSG. We will try & resolve your complaint quickly & fairly.

PB Insurance is a member of the Financial Ombudsman Services (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 at Level 12, 717 Bourke Street, Docklands 3000 on 1300 780 808 (Fax 03 9613 6399), email info@fos.org.au, or website www.fos.org.au

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

PB Insurance has a Professional Indemnity Insurance Policy (PI policy) in place. The PI policy covers us & our employees for claims made against us and our employees by clients as a result of the conduct of us or our employees in the provision of financial services. Our PI policy will cover us for claims relating to the conduct of representatives who no longer work for us.

Any questions?

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