



**ALLIANCE**  
INSURANCE BROKING SERVICES

## **1. CONFLICT OF INTEREST POLICY**

- 1 Our Conflict of Interest Policy spells out the way in which the business will manage the conflicts of interest that we face.
- 2 Conflicts of interest are circumstances where some or all of our clients interests are inconsistent or divergent from our own interests. This includes actual, apparent and potential conflicts of interest.
- 3 Adequate conflicts management arrangements help minimise the potential adverse impact of conflicts of interest on our clients.
- 4 Effective from the 1<sup>st</sup> January 2005 we also have a legal obligation as part of our AFS Licence to implement procedures to manage conflicts of interest as per S912A (10(aa) in Chapter 7 of the Corporations Act 2001 and further detailed in ASIC Regulatory Guide RG181.
- 5 This policy applies to both Retail and Wholesale clients, however the level of disclosure required for a Wholesale client is generally assessed as being lower than that required for a Retail Client. This is because Wholesale clients are considered to be more sophisticated consumers and generally have access to legal, accounting, financial and business advisers and have a working knowledge of the business environment in which they operate.
- 6 In assessing the materiality of conflicts that face our business we have factored into our approach the following issues:
  - General Insurance is a relatively short term contract when compared to many other financial products that consumers purchase.
  - The cost of canceling/changing a general insurance product is a relatively simple and inexpensive process for the vast majority of consumers.
  - Where it is found that an inappropriate financial product is sold to a consumer we will use our best endeavours to rectify the problem at the lowest possible cost and inconvenience to the consumer.
- 7 This policy has the full support of the board and senior management and is seen as a key component in ensuring our long-term success and viability.
- 8 The effective management of conflicts of interest reduces the likelihood of our clients receiving inappropriate advice and helps us maintain a reputation for integrity within our profession.
- 9 A formal review of the effectiveness of our conflicts of management processes will be conducted in conjunction with and integrated into the annual Business Planning process.
- 10 Apart from the annual formal review identification, assessment and management of conflicts of interest will form part of all major insurer relationship decision making processes and staff incentive related remuneration decisions within the business.
- 11 The Responsible Manager(s) is ultimately responsible for managing risks to the business and ensuring the effective application of our Conflicts of Interest Policy and Procedures.
- 12 In some situations it may be necessary to call on the support of outside bodies to help in the Conflict of Interest management process and such an approach is strongly recommended when required.

- 13 To ensure the effective implementation of this policy a reference to this Policy and Procedure has been included in all other related documents used by the business in managing its affairs and providing services to our clients.
- 14 All staff and Authorised Representatives must be familiar with and comply with this Policy and Procedure, understand the importance the business places on the effective operation of our Policies and Procedures and are encouraged to look for improvements to our procedures.

## **2. UPDATES**

- 1 These Policy and Procedures are updated on a regular basis. Any material changes to these Policy and Procedures will be advised by management either via Email or at our regular Staff meetings.
- 2 This entire document and associated forms etc are kept on the shared drive of the computer network. As such we do not recommend that a hard copy of the manual be maintained. All information can be immediately accessed on the computer network and will be guaranteed to be up to date at all times.
- 3 When you see an opportunity to improve a procedure kindly make the suggestion known to your manager/supervisor as we all have a responsibility to improve our standards, individually and as a Company.

## **3. CONFLICT OF INTEREST DOCUMENTATION**

- 1 The key document involved in the management of conflicts will be the implementation and maintenance of our Conflict of Interest Identification Table.
- 2 An annual review and update of the Conflict of Interest process will be included in the annual Business Plan process including any Action Plans arising out of the review.
- 3 The Financial Services Guides and Statement of Advices issued by us together with other documentation or correspondence detail in the Conflict of Interest Identification Table.
- 4 A Conflict of Interest staff presentation for all existing and new staff.
- 5 All documentation related to Conflict of Interest management is to be kept for at least seven years.

## **4. MANAGEMENT PROCEDURES**

### **4.1 REVIEW PROCESSES**

- 1 The Conflict of Interest Officer (CIO) is responsible for the day to day and ongoing operation and effectiveness of our this Policy and Procedures. The person allocated this responsibility is identified in our Organisation Chart with the letters CIO.
- 2 This Policy and Procedures will be reviewed annually or when any significant changes are being considered in relation to remuneration arrangements with issuers or representatives, distributors or authorised representatives.
- 3 Other review triggers will include receipt of relevant information provided from ASIC, NIBA, ICA , Compliance providers and other industry bodies.

### **4.2 CONFLICT MANAGEMENT**

- 1 We will use one of three ways to manage conflicts of interest. These are:
- Controlling conflicts of interest
  - Avoiding conflicts of interest

- Disclosing Conflicts of Interest

### 4.3 CONTROLLING CONFLICTS

- 1 To control conflicts of interest we must identify, then assess and evaluate the conflict.
- 2 Dependent on the circumstances and the nature of the conflict we may for example:
  - Disclose the conflict to the relevant client.
  - Shift the client from one representative to another.
  - Decline to provide services.
  - Initiate disciplinary action where warranted.

### 4.4 AVOIDING CONFLICTS

- 1 Some conflicts of interest have such a serious potential to impact on our clients and ourselves that the only way to adequately manage the conflict is to avoid them. In such cases merely disclosing them and imposing internal controls will be inadequate.

### 4.5 DISCLOSING CONFLICTS

- 1 Once we have completed all other relevant conflict management processes any residual conflict of a material nature must be disclosed to the client. Material conflicts are those that a reasonable client would expect to be told about and that have the potential to impact their decision making.
- 2 In most cases this will already have been addressed by in part or in whole by the information included in our Financial Services Guide and for a smaller proportion of our clients in our Statements of Advice.
- 3 Any disclosure that we decide needs to be made to a customer must be done at or before the time the client is required to make a decision in relation to the service or advice being provided.
- 4 Such disclosure should include providing enough detail in a clear, concise and effective form to allow the client to make an informed decision about how the conflict may affect the service or advice being provided.
- 5 Examples of matters that would be considered as material and disclosable under this policy include where we (or any associated person) recommend a product and we:
  - Have a financial interest in the product. This would include where the product is included in any profit share or volume bonus arrangements that we have entered into.
  - Have an interest or association with the product issuer of the product. This would include where the product is included in any placement binder relationship that we have entered into.
  - Will receive higher rates of commission for the product and the product is more expensive for the client than other comparable products we have available to recommend (after adjusting for service levels and switching costs).
  - Are a member of a buying group which involves additional commissions payable directly to ourselves and override payments to the buying group.
  - Receive gifts, prizes and any other benefits from a supplier that are of a significant and material nature, are intended to impact on the advisory outcomes in our business and are tied to or are contingent upon some measurable outcomes generated by us to the provider of the benefit.
- 6 Examples of matters that would not be considered as material and disclosable or requiring entry in our Conflict of Interest table under this policy include where we (or any associated person) recommend a product and we:

- Will receive industry standard commission payments and have previously disclosed such commission rate ranges to the client in our Financial Services Guide or in the relevant Statement of Advice.
- Are recommending the cheapest comparable product that we have available to us.
- Have reduced our fees or charges to compensate for any higher rates of commission involved in the product.
- Receive small, inexpensive and irregular benefits from suppliers that could be considered part of typical business relationship building between ourselves and our suppliers. Such benefits typically are not material or significant in nature, are not designed to impact advisory outcomes and are not linked to any measurable outcomes. Benefits that fall into this category would include Christmas gifts to the staff or business, the occasional irregular business luncheon, one off invitations to sporting/entertainment events, supplier badged office equipment and clothing.