

CORE COMPLAINTS POLICY AND PROCEDURES

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1. INTERNAL COMPLAINTS POLICY

INTRODUCTION

- 1.1.1 Our Internal Complaints Policy spells out the way in which the business will manage complaints regarding the business.
- 1.1.2 A complaint is “any expression of dissatisfaction, whether oral or written, and whether justified or not, about a service or activity relating to Financial Services offered, provided or withheld by us, which implicitly or explicitly requires a response or resolution.” It applies to internal and external clients
- 1.1.3 For the purposes of this policy, clients include agents, brokers, insurers and intermediaries that the business deals with.
- 1.1.4 Our clients have the right to complain about products and/or services purchased, and to have that complaint dealt with.
- 1.1.5 Complaints can provide us with feedback about products and/or services being offered.
- 1.1.6 Receiving a complaint gives us the opportunity to assess the impact on the market of certain products and/or services. Effective handling of complaints contributes to the improvement of services and products of the business.
- 1.1.7 An effective Internal Complaints system is a mandatory requirement for Licensing under the Corporations Act 2001 (The Act) in cases where the business deals with Retail Clients. ASIC have issued RG165 – Internal and External Dispute Resolution ([RG165 - Internal and External Dispute Resolution.pdf](#)) that provides further guidance and the obligations of AFS Licensees.
- 1.1.8 It is also a requirement for membership of any External Dispute Facility that the business has a formal documented Internal Dispute Facility.
- 1.1.9 This policy has the full support of the board and all senior management and is seen as a key component in ensuring the long-term success and viability of the business.
- 1.1.10 Our procedures for handling complaints are based on Australian Standard [AS ISO 10002-2006 Customer Satisfaction.pdf](#), to ensure we meet our Licence obligations.
- 1.1.11 The following statistics highlight the importance of resolving customer dissatisfaction promptly and effectively:
 - Only 4% of dissatisfied customers actually complain.
 - 25% of customers are not satisfied with the service they receive.
 - An unhappy customer will tell 9 or 10 people about the incident.
 - If a customer complains and their dispute is resolved quickly, 95% will do business with you again.
- 1.1.12 All complaints received by the business are to be documented to enable the business to learn, adjust and improve its services and products.
- 1.1.13 Specifically the cause and extent of all complaints is to be included as a critical input into the annual business planning process.
- 1.1.14 The Complaints Officer is responsible for the day to day implementation of this Policy and procedures however the Responsible Manager(s) retains ultimate responsible for the effective handling of complaints and ensuring the effective application of our complaints handling procedures.

- 1.1.15 The compliance by the business with this Complaints Policy is a key component of our [Risk Management Policy and Procedures](#) and is included in our [Compliance Policy and Procedures](#).
- 1.1.16 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.
- 1.1.17 Any Distributors appointed by Us must be made aware that we have a Complaints system and that they are required to advise Retail Clients about our Complaints System when they first deal with them.

2. UPDATES

- 2.1.1 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.
- 2.1.2 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.
- 2.1.3 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. DOCUMENTATION

- 3.1.1 The Complaints Handling Procedures are based on the following documentation:
 - Complaints Overview Training Resource ([Complaints Overview.pps](#))
 - A Complaints Form ([Complaints Form.doc](#)).
 - A Complaint Register – Refer to Intranet for register.
 - General Insurance Code Of Practice ([General Insurance Code of Practice 2014](#))
 - Insurance Brokers Code of Practice ([Insurance Brokers Code of Practice.pdf](#)).
 - FOS Terms of Reference – [FOS Terms of Reference.pdf](#).

4. REVIEW

- 4.1.1 The Complaints Policy will be reviewed annually as part of the Business Planning process or after any identified failure of the process.
- 4.1.2 We will also review the annual FOS reports to identify emerging trends and causes of complaints and review our various Policies and Procedures accordingly.

5. AVOIDING COMPLAINTS

- 5.1.1 Although this policy has been designed to provide guidance in the event of a dispute the business aims to avoid disputes.
- 5.1.2 The following suggestions will help us avoid disputes:
 - Ensure that you clearly understand what it is that the client requires us to do for them.

- Document and confirm all coverage instructions or other commitments made by us to the client in writing.
- Ensure that the client is aware of the ramifications of Non-Disclosure or Misrepresentation - that is, that the insurer may avoid paying a claim or reduce it.
- Make sure that the client is aware of what their policy covers (and what it does not).
- Do not make service promises or commitments to clients that the business is not able to meet. Honesty is the best policy.
- Be especially careful in claims situations not to give the client false or overly optimistic expectations about the claims outcome.
- Ensure that all decisions that negatively impact the client have been fully considered and provide a clear and unambiguous explanation for the decision to the client and provide information on the options available to them.
- Do not delay in giving the client bad news.

5.1.3 Examples of the common type of complaints handled by the FOS include:

- Inadequate time given to the client for renewal, especially involving significant premium increases or declinature.
- Failure to address reinstatement of cover after a total loss.
- Misunderstandings about the inception of cover and extent of cover at the time of New Business.
- Problems with refunds of premium, commission and fees after cancellation.
- Incorrect placement or issuing of cover.

6. COMPLAINTS HANDLING PRINCIPLES

OVERVIEW

- 6.1.1 In developing the procedures detailed below and in applying them to individual complaints received the following principles have been adopted as critical to the effectiveness of the process.
- 6.1.2 Where our procedures would appear to not be consistent with or in a given set of circumstances the outcomes of our procedures are inconsistent with the following procedures we should review our procedures.

COMMITMENT

- 6.1.3 The senior management of the business has a commitment to a fair and efficient resolution of complaints received. Clients have a right to complain and have their concerns addressed and rectified.

FAIRNESS

- 6.1.4 Our process will be fair to both the complainant and the business.

RESOURCES

- 6.1.5 There shall be adequate resources for complaints handling with sufficient level of authority to quickly resolve the matter.

VISIBILITY

- 6.1.6 Our complaints handling policy is to be well publicised to clients and staff and shall include information to consumers about the right to complain – refer to Notice Requirements Section below.

ACCESS

- 6.1.7 We must ensure that the complaints handling process is accessible to all and information is readily available on the details of making and resolving complaints.

ASSISTANCE AND INFORMATION

- 6.1.8 We will provide all reasonable assistance to complainants in the formulation and lodgment of their complaint.
- 6.1.9 We will only ask for and take account of relevant information in considering a complaint.
- 6.1.10 We will to seek access to information that we have relied on in assessing the complaint.
- 6.1.11 Provide the complainant with access to the information requested except in special circumstances, such as where this would breach any laws (e.g. Privacy) or prejudice us in relation to the complaint.
- 6.1.12 If we are not able to provide information requested by the complainant we will explain the reasons for this.

RESPONSIVENESS

- 6.1.13 All complaints shall be dealt with quickly and the complaints shall be treated courteously.

CHARGES

- 6.1.14 Subject to statutory requirements, there are no charges or fees to the complainant for having a complaint dealt with under our procedures.

REMEDIES

- 6.1.15 The people involved in handling a complaint must have the necessary authority and capacity to determine and implement remedies.
- 6.1.16 We will immediately initiate action to correct any identified error or mistake in dealing with the complaint.

DATA COLLECTION

- 6.1.17 We will use a formal documented process for the systematic recording of complaints and their outcomes.

SYSTEMIC AND RECURRING PROBLEMS

- 6.1.18 All complaints shall be classified and analysed for the identification and rectification of systemic and recurring problems.

EXTERNAL DISPUTE FACILITIES

- 6.1.19 All businesses with an AFS Licence that deal with Retail Clients must be members of an approved External Dispute Facility, The relevant facility that applies to our business is the Financial Ombudsman Service (FOS) www.fos.org.au

7. WHICH DISPUTE PROCESS TO USE

- 7.1.1 In situations where we are acting as an agent of the insurer any complaints or disputes relating to policy coverage or claims settlement matters will generally be referred to the Insurer who will handle the matter through their Internal Disputes Process.
- 7.1.2 For Lloyds placements the Complaint is to be referred to
Lloyd's Australia Limited
Level 21
123 Pitt Street
Sydney NSW 2000
Telephone: (02) 9223 1433
Facsimile: (02) 9223 1466
- 7.1.3 The client will be advised whether the dispute will be handled by either Lloyd's Australia or the Complaints Department at Lloyd's in London.
- 7.1.4 Examples of matters that would be referred to the insurers Internal Disputes Process include any disputes:
- Where we are denying/reducing part or all of a clients claim for whatever reason.
 - Regarding the documentation produced by the insurer or in accordance with the insurers instructions.
 - Arising out of any act or omission on our behalf that has been made following instructions from the insurer.
- 7.1.5 Examples of matters that would be referred to our Internal Dispute Process include any disputes:
- Where we have failed to provide the appropriate response or service expected from us.
 - Regarding the documentation produced by ourselves.
 - Arising out of any act or omission on our behalf that is not related to the insurers instructions.

8. FINANCIAL OMBUDSMAN SERVICE

OVERVIEW

- 8.1.1 There is a General Insurance Code of Practice ([General Insurance Code of Practice 2014](#)) that governs the way insurers operate. All staff should be familiar with the operation of this scheme and the General Insurance Code of Practice
- 8.1.2 For insurance brokers there is an Insurance Brokers Code of Practice ([Insurance Brokers Code of Practice.pdf](#)) that AFS Licensees can subscribe to or follow that governs the way intermediaries operate. All staff should be familiar with this code.
- 8.1.3 The operation of the FOS is controlled by their Terms of Reference [FOS Terms of Reference](#). Further information is available at www.fos.org.au
- 8.1.4 All AFS Licensees that operate in the general insurance sector and are not a licensed insurer and deal with Retail Clients have to be a member of the FOS.
- 8.1.5 The FOS offers a way of quickly resolving customer complaints and it aims to prevent costly litigation.
- 8.1.6 The FOS Terms of Reference (Schedule 2) sets out various monetary limits that impact the complaints that FOS can handle.

NOTICE REQUIREMENTS

- 8.1.7 As members of the FOS we must make information about the FOS available to clients and also provide information about our in-house complaint handling process.
- 8.1.8 We must keep copies of the various FOS Terms of Reference and Codes and provide them on request.
- 8.1.9 We will include the following permanent phrase on all renewal notices, invoices, Financial Services guides and on our website where relevant:
- 8.1.10 "Clients who are not fully satisfied with our services should contact our Complaints Officer. We are also members of the Financial Ombudsman Service (FOS), a free consumer service. Further information is available from our office, or contact FOS directly on 1300 780 808 or visit www.fos.org.au."
- 8.1.11 We also follow all relevant applicable industry codes (for insurance brokers this will be The Insurance Brokers Code of Practice)

9. COMPLAINTS OFFICERS

- 9.1.1 We have a nominated Complaints Officer and a designated replacement, which are responsible for the effective implementation and operation of these Policy and Procedures. These people are identified in our Organisation Chart by use of the Codes C1 and C2 under their names
- 9.1.2 The Complaints Officer will be provided with the necessary training to be able to effectively perform this role.
- 9.1.3 The specific skills, roles and responsibilities of the Complaints Officer include:
 - The necessary skill, knowledge, expertise, authority and power to deal with complaints.
 - Determine the most appropriate dispute process for matters arising out of situations where we are acting as an agent of the Insurer.
 - Manage all client complaints and to try to quickly resolve them.
 - A working understanding of the FOS Terms of Reference where relevant, and to manage a response to complaints that is within prescribed timelines.
 - Responsible for the storage and maintenance of relevant forms, reports and procedures including the provision of the annual reports to FOS and Lloyds where relevant.
 - Responsible for the creation and maintenance of the Complaint Register.
 - Advise ASIC within 3 days should the business change or cease membership of an External Dispute Resolution scheme where the business deals with Retail Clients.

10. COMPLAINTS PROCEDURES

WHAT IS A COMPLAINT?

- 10.1.1 It is hard to accurately define a complaint, because in many cases a query can easily escalate into a complaint. The following examples may help you to identify various forms of complaints.
 - A written statement from a client regarding an unresolved issue.
 - An aggravated telephone conversation where the client hangs up on you without having resolved the particular issue.
 - An aggravated meeting where the client is not satisfied with the response given by you.

- We are unable to produce evidence in writing that the situation was handled in the correct manner.
 - We do not give advice to the client on how to resolve a problem.
 - The client has tried to contact us on numerous occasions with no success or adequate response.
 - Where as agent of the insurer we have declined or rejected part or all of a claim.
- 10.1.2 We would recommend that the easiest way to identify a complaint is to simply ask the client – “Would you like us to treat this matter as a complaint?” If the answer is “yes” then the matter should be recorded and managed accordingly.

ACTION UPON RECEIPT OF COMPLAINT.

- 10.1.3 Read and understand this procedure. If the complaint arises out of policy coverage or a claims issue arising out of a situation where we are operating as an agent or under a binder of an insurer the complaint will usually be channeled into the Insurers Internal Disputes Process. In such cases the insurers’ dispute procedures will usually be followed.
- 10.1.4 Listen carefully to the client when taking the complaint. Confirm with the client the details you have taken. Empathise with the client and be courteous. Avoid laying blame or being defensive. Avoid creating false expectations.
- 10.1.5 Encourage the client to provide full details of the complaint. Where reasonable it is good practice to have the client provide full details of the complaint in writing
- 10.1.6 Where relevant use the Complaints Form ([Complaints Form.doc](#)) to record the complaint details, especially where the matter is complex or has the potential to involve financial loss. This can be done by opening the document and saving it to a separate folder on your computer network giving it the name of (Complaint No Complaint Form.doc e.g. 07022001 Complaint Form.doc).
- 10.1.7 Advise the client that the complaint will be followed up within seven (7) working days and is expected to be resolved within twenty (20) working days (fifteen working days where matter relates to a Binder matter).
- 10.1.8 Give the client the notified date as a **Complaint Number** (eg notified date is 7 Feb 2001 ⇒ 07022001).
- 10.1.9 Where relevant advise the client in writing within 24 hours that the complaint is to be referred to the Complaints Officer, providing the Complaints Officer’s name and full contact details and the expected timeframes for resolution of the complaint.
- 10.1.10 The complaint is then to be referred to the nominated Complaints Officer together with the Complaints Form. If the form has been completed on line this can be emailed to the Complaints Officer.

COMPLAINTS OFFICER PROCEDURES

- 10.1.11 The legislative guidelines (i.e. RG165 - Licensing: Internal and external dispute resolution) state that “where a complaint or dispute (except for a complaint or dispute relating to hardship, a declined insurance claim, or the value of an insurance claim) is resolved to the customer’s complete satisfaction by the end of the fifth business day after the complaint or dispute was received, you will not be required to apply the full IDR process—that is, to capture and record the complaint or dispute”. Notwithstanding this we recommend that best practice dictates that all complaints be handled in the manner below.
- 10.1.12 Upon receipt of the Client Complaint Form the Complaints Officer will enter the details into the Complaint Register.

- 10.1.13 Dependent on the nature and circumstances of the complaint the Complaints Officer will:
- 10.1.14 Contact the client to advise them they are handling the complaint and the steps involved in settling the complaint.
- Gather full details of the complaint from the client.
 - Assess the responsibility of our business in respect of the client's complaint.
 - Investigate the circumstances of the complaint including all advice and documentation provided to the client, proposals and other quotation material.
 - Consult technical and other staff as appropriate.
- 10.1.15 Where the assessment is that we are partially or totally at fault in relation to matter being complained about canvas with the client the remedies that the client would like to see to rectify the matter.
- 10.1.16 Wherever possible / practical / reasonable and economical to do so we should attempt to apply the client's preferred remedy to the matter, whether this is a financial payment, additional service, written apology etc.
- 10.1.17 Be pro active and regularly contact the client on the progress of the complaint.
- 10.1.18 Make all efforts to resolve the complaint within 20 working days (15 days for issues arising out of the operation of a binder) to the mutual satisfaction of the client and the business.
- 10.1.19 Provide a formal response to the complaint including a full explanation of the proposed resolution or options and advise the client of their option of taking the matter to FOS where they are not satisfied with the resolution proposed as per wording below:
- You should be aware that because this is our final decision, if you wish to pursue this complaint further by taking it to the Financial Ombudsman Service, you will need to do so within 2 years of the date of this letter.
 - The Financial Ombudsman Service is an independent external dispute resolution scheme approved by the Australian Securities and Investments Commission. We are a member of this scheme and we agree to be bound by its determinations about a dispute.
- 10.1.20 Any ex gratia payments made to resolve a complaint must be duly authorised and include a full and final release from the client.
- 10.1.21 In conjunction with the Responsible Manager(s) conduct a formal review of the cause of the complaint and review and alter all relevant Business Policies and Procedures to ensure that complaints do not reoccur.
- 10.1.22 If the review of the complaint indicates a Compliance Breach as set out in our Compliance Policy and Procedures ([Compliance Policy and Procedures.doc](#)) the matter is to be entered into the Compliance Breach Register ([Compliance Breach Register.doc](#)) and reported accordingly.
- 10.1.23 Complete the relevant section of the Client Complaints Form and file with the Complaint Register.

11. EXTERNAL DISPUTE RESOLUTION (EDR) PROCEDURES

COMPLAINTS OFFICER REFERRAL RESPONSIBILITIES:

- 11.1.1 In all cases where the Complaints officer is unable to satisfactorily resolve the complaint within 45 days we must follow the processes below:
- 11.1.2 Advise the client of the FOS and their contact details as follows:

Financial Ombudsman Service

GPO Box 3, Melbourne, Vic 3001

1300 78 08 08 (the cost of a local call)

Fax: (03) 9613 6399

Email: info@fos.org.au, Website: www.fos.org.au.

- 11.1.3 Provide the client with the FOS Consumer Brochure ([FOS Brochure.pdf](#)) and also advise them that they have 2 years in which to register their dispute with FOS after receiving notice of our final decision on their complaint.
- 11.1.4 Where there is a potential financial loss associated with the complaint, contact our Professional Indemnity Insurer and advise them of a possible claim.

COMPLAINTS OFFICER NON FOS RESPONSIBILITIES

- 11.1.5 If the complaint cannot be resolved and it is outside the scope of the EDR, the Complaints Officer will:
- 11.1.6 Decide whether the scope of the FOS can be waived to refer the matter to the FOS.
- 11.1.7 Notify the client the matter is unresolved.
- 11.1.8 Advise the client of the other options available to them including the Small Claims Tribunal, and Consumer Advice Bureau.

WHAT HAPPENS IF THE DISPUTE GOES TO THE EDR?

- 11.1.9 The Complaints Officer will provide full co-operation with the EDR including the timely provision of all information and documentation required.
- 11.1.10 The Complaints Officer is to immediately implement any determination of the EDR.
- 11.1.11 If the complaint is caused by the conduct of an Authorised Representative, the Authorised Representative is responsible for all fees incurred. Where the complaint is caused by a Distributor we will generally not seek recompense for any fees incurred.

12. PROFESSIONAL INDEMNITY

INTRODUCTION

- 12.1.1 When a business deals with retail clients it is required as a condition of its AFS Licence to have in place of Compensation regime (Professional Indemnity) policy that meets the requirements laid down in the Corporations Act.
- 12.1.2 All AFS Licensees are required to have an adequate Professional Indemnity Policy or other ASIC approved arrangements that will support the business to pay compensation to Retail Clients.
- 12.1.3 The requirement for Professional Indemnity cover are based on the concept of ensuring that our Retail Clients have access to a compensation facility with the requisite financial strength to meet any legitimate claims they may have against us.

RG126 – COMPENSATION & INSURANCE

- 12.1.4 ASIC RG126 – Compensation and Insurance ([RG126 - Compensation & Insurance.pdf](#).) provides detailed guidance on ASIC's expectations of AFS Licensees for their Compensation arrangements via either Professional Indemnity or other ASIC approved arrangements.

12.1.5 The table below summarises the key requirements and processes that we must comply with if we decide to use a Professional indemnity (PI) policy to meet our commitments under RG126.

Issue	Outcome
Transitional requirements	A PI policy which provides “Adequate Cover” with an APRA approved insurer.
Adequate Cover	<p>ASIC suggest businesses undertake a documented annual assessment of what is adequate cover in regard to the activities and financial resources of the business. Included in the review should be:</p> <ul style="list-style-type: none"> a) Any planned changes to business activities. b) Maximum exposure to a single client. c) Maximum claim numbers from a single event. d) Claim numbers expected per policy period. e) EDR scheme payment limits, f) Cash resources and equity available to meet uninsured losses and excesses.
Coverage Requirements	<p>Following the assessment of “Adequate Cover” the Licensee should arrange a PI Policy that meets the following requirements:</p> <ul style="list-style-type: none"> a) Cover that meets or exceeds the self assessment of “Adequate Cover” above. b) Sum Insured is a minimum of \$2,000,000 or equal to at least the annual Retail Client income of the business. c) Defence costs are provided as an additional benefit over and above the sum insured limits mentioned above. d) The policy provides at least one automatic reinstatement. e) Cover for all EDR settlements. f) Cover for breaches by both Licensee and Representatives. g) Cover for fraud and dishonesty of Representatives, Agents and Employees. h) Excesses and deductibles that can be confidently sustained whilst maintaining the Licensees ability to comply with RG166. i) Cover for incidents notified to ASIC involving an admittance of liability j) Sum Insured to reflect potential for Wholesale Clients to exhaust policy coverage. k) Sum Insured to reflect potential for claims arising from non-EDR scheme payments. l) Sum Insured to reflect historical claims patterns and trends and identified compliance risks. m) Fraud by the Licensee (as apart from representatives). n) Adequate cover based on an assessment of increased

	representative exposure due to geographical dispersion and the number of representatives.
o)	Cover for losses associated with products not on the Licensees Approved Product List.
p)	Retroactive cover to the expiry date of the previous policy.

MANAGEMENT RESPONSIBILITY

- 12.1.6 It is the responsibility of the Board or the Responsible Managers to ensure that the level of coverage and excess selected not only meet the minimum legislative requirements but that the cover is adequate given the nature and style of the business and its customers.
- 12.1.7 We have an assessment tool [P.I. Assessment Tool](#) that has been designed to formalise the process of confirming that our professional Indemnity coverage meets the requirement of RG126. This sheet should be completed as part of the annual Professional Indemnity Policy renewal and included in our Compliance Checklist processes.