

OUR REASON FOR BEING

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OF

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LIONEL ISAACS
INSURANCE BROKERS

AND REMEMBER TO GO BACK TO THE CLIENT

Lionel Isaacs Insurance Brokers Guide to its Short-term Insurance Intermediary Services
Financial Services Provider Licence number: 13343

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Lionel Isaacs Insurance Brokers (LIIB) ensures our clients receive the highest quality in personalised service.

Welcome to LIIB

LIIB is a subsidiary of the i capital Group of companies, an independent South African Financial Services Group.

LIIB was established in 1965, and is now a leading independent short-term insurance solution provider to both companies and individuals in South Africa. Our deeply experienced team of passionate insurance professionals provide insurance and risk transfer solutions to our wide client base.

The provision of insurance solutions is based on a strong commitment to the best level of service and advice we can offer. Further our long standing relationships with South Africa's leading short-term insurance providers ensures we are able to offer our clients extensive insurance cover at competitive rates on both commercial and domestic insurance.

LIIB Guide to our Short-term Insurance Intermediary Services (Guide)

This Guide outlines:

- our services
- our remuneration
- other information relevant to you as a client

Please familiarise yourself with this Guide in conjunction with your policy documentation and associated schedules.

Introduction

We aim to provide you with risk management solutions and short-term insurance cover that protects what is important to you and your business. For us to do this, it is vital that you, as our client, understand what we do as your risk adviser and insurance broker.

Our Guide explains the services that we offer, and the way we are remunerated.

By continuing to engage LIIB to provide insurance advice, intermediary and broking services, you are agreeing to the provision of these services and remuneration as described in this Guide.

Our services

As your insurance broker we are licensed to deal in and provide advice in relation to short-term insurance risk and cover for such risks. Under our licence, amongst other things, we are able to:

- Provide you with advice and recommendations on your risk exposures, resulting in the assessment of your insurance needs;
- Collect information that insurers require from you;
- Arrange insurance products to help you protect against insurable risks, and explain these products to you;
- Collects premiums from you on behalf of insurers, and
- Assistance in making claims under these insurance products in the event of an insured loss and the monitoring of the settlement of these claims.

We will always aim to arrange insurance that meets your specific risks and needs. However, as it is you who best understands your risks and needs, you should always consider the appropriateness of any advice we provide or any insurance we recommend to you before acting on our recommendations. We also rely on you for the accuracy and completeness of information you provide to us.

Finally, while we strive to place your insurance cover with the best available insurance cover providers, we cannot guarantee the availability of insurance for your particular risks or the solvency of insurers.

Arranging insurance cover

While cost is always important, the quality of insurance cover offered by a policy is equally important. Insurance that does not match your needs is worthless, no matter how cheap the premium.

Because our clients and the risks they face vary in size and complexity, we are committed to serving each client in the way best suited to their specific needs. This ranges from entirely bespoke consultation, insurance design and placement, to highly efficient standardised solutions designed around the needs of defined groups of clients.

Accordingly we seek quotes from appropriate insurers to provide you with the best insurance cover available for your particular needs.

Who do we act for?

To you, our client, as an adviser

In analysing your insurance and risk management needs, we establish your risk profile, and provide recommendations and professional advice, including the provision of additional services we act as your adviser.

These additional services include:

- Advising on uninsured and un-insurable risks
- Managing and advising you on self-insurance and risk financing (excesses)
- Obtaining your risk details and information, as well as previous claims for presentation to insurers
- Investigating the circumstances of the claim to assess liability and insurance policy application
- The provision of guidance on claim mitigation
- Facilitation on claims preparation
- Assessment of the root cause of claim incidents and recommendations to prevent recurrence
- Liaison between insurer appointed assessors and you the policy holder
- Facilitation of non-insurance value added products (example: assistance with home emergency services)

As an independent intermediary between you and your insurance provider

We advise you on insurance cover that best meet your requirements along with the fact that we act as an independent intermediary between you and your insurance provider in the provision of a short-term insurance policy to cover your risks. We provide you with a general explanation of the nature and material terms of the policy and other related information and disclosures as required under the Financial Advisory and Intermediary Services ("FAIS") Act. We will intermeditate between you and your insurer in respect of the operation of the policy and any claims you may have under the policy during and after the period of cover.

As a service provider to the insurance provider

In the overall operation of your insurance cover we may act as a service provider to your insurance provider. In this instance the insurer gives us 'binding authority' to arrange or enter into insurance products on its behalf. This generally includes the administration of policies and the settlement of claims on an insurance provider's behalf.

We will disclose to you any such relationships and the remuneration we earn in this instance.

Our team

We provide our services through employees who are registered as representatives of LIIB in terms of the FAIS Act where they are involved in advising you on any recommendation, guidance or proposal of a financial nature in respect of the purchase of any short term insurance policy.

Our employees, who are registered as representatives, are required to show you their certificate of representation. Should any representative be working under supervision, this will be disclosed on the certificate.

In the interests of maintaining sustainability of expertise, professionalism and service excellence we invest significantly in the training and development of our people. Special focus is given to the up-skilling and advancement of our previously disadvantaged colleagues. We also have a learnership programme in an effort to ensure that we continuously bring young talent to our business.

Our remuneration

Our remuneration for acting as your insurance and risk adviser and as an independent intermediary generally will comprise the following:

- A commission paid to us by the insurer; and
- An operations fee

The commission paid to us by an insurer is standard for insurance brokers in South Africa in accordance with rates prescribed in the Short-term Insurance Act and is stipulated as 12.5% of the premium for a motor policy and 20% for any other type of short-term policy. This commission is paid to us from the insurance premium paid to insurers and is in respect of the intermediary services we perform related to the sale and support of their products.

In addition, we may also receive an operations fee for our recommendations and professional advice services set out above. In addition this operations fee includes a recovery for the following specific costs related to acting as your independent intermediary:

- Costs involved in ensuring that the applicable laws and regulations are adhered to. These costs are incurred on an operational level and a policy level, and include:
 - Training and Human Resources costs to ensure representatives have:
 - the required qualifications, knowledge and skill when dealing with a client
 - maintain their ongoing fit and proper status in the form of doing a required amount of CPD hours
 - management in their capacity as Key Individuals to Representatives to ensure the correct level of organisational ethics and fair treatment of clients
 - Information Technology expenditure to ensure that:
 - clients data is managed in an appropriate format
 - clients data is protected from external threats
 - that the client has the latest disclosures that affect their policy
 - that the client's financial information is available on a monthly basis or at request
 - Audit costs incurred to provide the client with additional comfort that the premiums and fees charges are correctly calculated and debited to the client according to an agreed payment plan
 - Compliance expenditure incurred in order to have in place:
 - the appropriate policies, procedures and processes to ensure that the client is treated fairly and the consumer is protected
 - the appropriate level of Professional Indemnity and Fidelity insurance

We advise you of the full amount of the commission we receive from insurers in respect of your insurance policy and we will show our operational fee separately. In the event of any mid-term cancellation of a policy or future downward adjustment of policy values, we are required by law to rebate a portion of any commission earned pro-rata to the unexpired period of the cover.

We strive to be entirely transparent about our remuneration. If you have any queries or want further details please do not hesitate to contact us in this regard.

Other remuneration

Interest

All policies issued by South African insurance companies are written on the basis of “no premium, no cover” meaning that cover will only be provided after premium payment to the insurer or an intermediary authorised to collect premium on the insurer’s behalf. It is important therefore that you pay your premium to us promptly on receipt of our debit note or invoice or ensure that there are always sufficient funds in your bank account to meet monthly debit orders in order to protect your cover that could otherwise be jeopardised in the event of a claim.

We are required by law to pay all premiums received from clients on to insurers within 15 days of the end of the month in which received. We are entitled to earn and retain interest on these monies whilst in our bank account.

Insurer or binder fees

In addition to advice provided specifically to clients, and intermediary services performed for both clients and insurers we may also enter into policies and settle claims under specific mandates from insurers. Such specific mandates are generally referred to as ‘binder’ agreements and usually involve administrative functions normally performed by insurers themselves such as issuing and amending policies, certificates and other documents, electronic policy filing and storage, expiration tracking, and policy and claims administration and data management services in general. For these insurer outsourced or binder services we are paid binder fees governed by legislation. Whenever such services are performed in relation to any product we have recommended to you, we will disclose the binder fee to you.

Queries

If you have any questions in respect of the information provided to you in this Guide, or about our services or remuneration, please feel free to contact your service representative at LIIB’s offices on 011-483-1802, or visit www.liib.co.za

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