

Professional Indemnity Insurance

Prepared for:
La Vista Licensee Solutions
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A wholly owned subsidiary of PSC Insurance Group (ASX:PSI)

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\$2.6b

Gross Written Premium

Across four continents, PSC arranges considerable GWP for its ever-growing client-base.



34

Offices in 7 Countries

Over 1,000 employees servicing client's risk and needs across Australia, NZ, Hong Kong, UK, Ireland, Vietnam & Bermuda.



+100k

Clients Globally

We operate as an essential partner to our clients, providing multi-policy advice and placement.



\$2.2b

Market Capitalisation

Listed on the ASX (ASX:PSI), PSC Insurance Group Limited has grown to be Australia's largest, locally owned, multi-national insurance brokerage.

**Information as at FY23 Full-Year Results*

PSC Insurance Group are an ASX listed and multinational insurance broker.

We deliver tailored services and resources for our Australian clients through offices in 20 locations and over 100 colleagues in London specialising in professional indemnity, property, legal, management, cyber and M&A transactional risks.

We work with private, growth stage and ASX-listed companies as well as their legal advisors and financial sponsors.

Our experience solving complex risks enables us to bring innovation and insight to our clients' insurance placement.

Key Overview

Introduction



**IMPORTANCE OF
UNDERSTANDING
PI COVER**

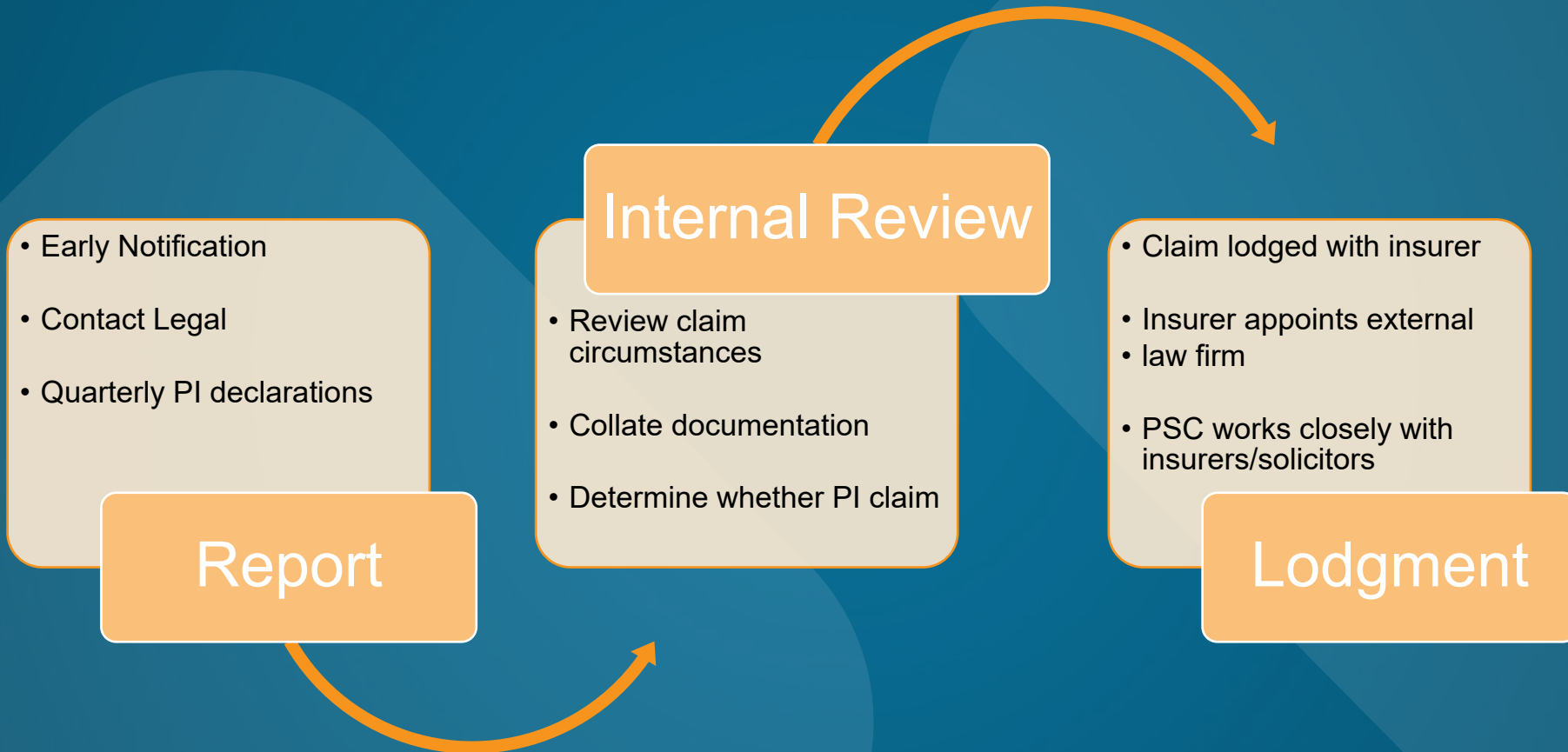


**IMPACT OF PI
CLAIMS**

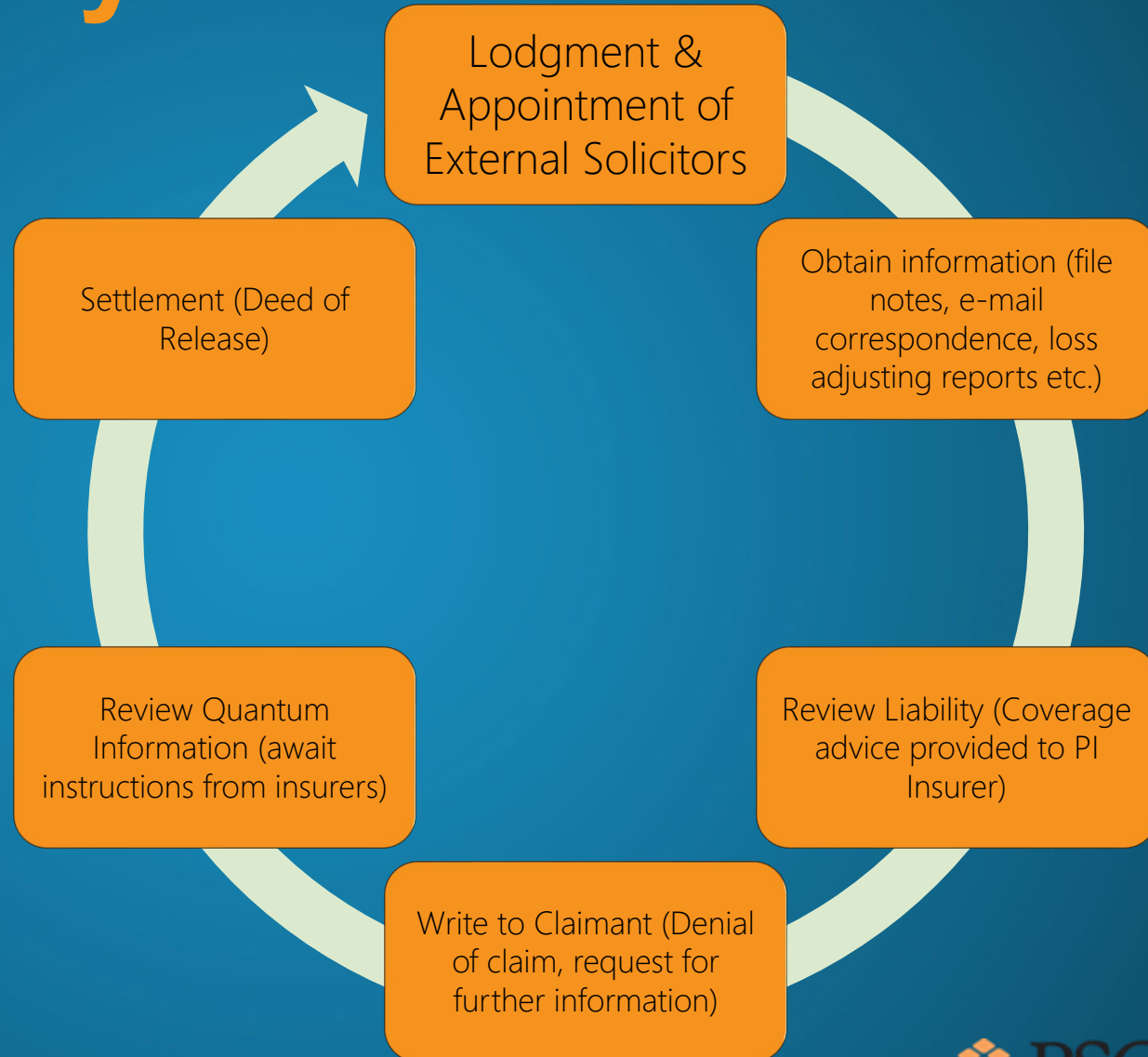


**UTILISING
COMPLIANCE/LEGAL**

PI Claims Process



PI Claim Life Cycle



AFCA

AFCA Process:

AFCA will attempt to resolve complaint through negotiation or conciliation

If unsuccessful, matter will be referred to the AFCA case manager for preliminary determination

Parties may accept preliminary determination or proceed to final determination

The final determination is published along with the name of the financial firm and compensation amount



AFCA Key Points:

Financial Planners PI – Compensation Limit to limit of indemnity \$2,500,000 or \$5,000,000) for most financial planners

Complaint Costs to Financial Firm – Registration (\$80.00), Case Management (Between \$1,500 - \$4,000 for a Case Management Conference), Decision (Depending on nature of complaint)

AFCA decision making based on: legal principles, industry codes, good industry practice, previous decisions

Decisions of AFCA are binding on the financial firm but not on the complainant. A complaint in AFCA does not exclude potential for litigation

Claim Examples – Financial Planners Professional Indemnity

CLAIM EXAMPLE 1 – Professional Indemnity – Financial Loss



- A long term financial planning client was provided life insurance and income protection advice under SOA
- Over the course of COVID circumstances between 2020 and 2022 the client changed their employment status from PAYE to self employed and had subsequently changed their life and income protection insurer; at the end of COVID circumstances they reverted to their original PAYE status; they required surgery over COVID that required 6 months away from paid employment under the 2nd policy
- The client claimed originally against the life and income protection insurer for a lack of documentation and cover as they moved between policies once they realized that they were insufficiently insured by the 2nd policy; After 2 years of mediation the insurer was found to have acted correctly
- The client then filed against the financial planner for lack of advice and sufficient follow up.
- The claim was indemnified under their PI insurance for all costs and the client (complainant) paid financial damages of \$175,000.

CLAIM EXAMPLE 2 – Professional Indemnity



- Upon advice provided by an Authorised Rep, a client invested a considerable sum of money in a company operated by that same authorised rep.
- The investment involved advice to withdraw monies from the licensee's designated investment platform. The entire sum invested was subsequently lost.
- Licensee's liability for the actions of their authorised representatives has been given an expansive interpretation and construed in a broad manner to protect consumers.
- Many actions for which an authorised representative is ostensibly authorised (if not in fact) may be captured by the provisions at sections 917A to 917F of the *Corporations Act 2001* (Cth). It is then incumbent upon the licensee to recoup any monies from the authorised representative.
- The client received financial compensation for the loss of the entire invested sum of \$950,000 and their court costs were also indemnified by the PI insurance of the licensee.

CLAIM EXAMPLE 3- AFCA Investigation



- A new financial planning client was provided general advice with relation to an active SMSF account, not provided via SOA.
- The client acted on the advice and invested 50% of their SMSF savings into this investment structure (listed on their APL).
- The financial planner warned the client to withdraw all funds from the investment 2 years later but the client neglected to do so and advised later that they were confused by the advice of the planner;
- The investment failed 1 year later and the client took the financial planner to AFCA alleging a financial loss of \$1,600,000. The financial planner has been indemnified for all investigative and defence costs. Costs to date are \$235,000.

Claim Learnings:



Always check the accuracy of a SOA;



Advise the client at renewal as to changes in life, TPD, Income Protection cover (e.g. changes to defined benefits scheme);



Make reasonable enquiries to ascertain the client's requirements and risk. Do not make assumptions;



Always review the PDS when giving advice about the operation of an investment;



Never run your own claim in AFCA or ASIC



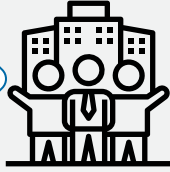
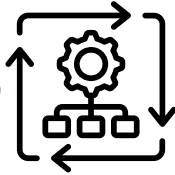
Maintain documents (file note conversations and save correspondence).

About Us



We are dedicated to helping you protect your operations and assets

We evaluate all aspects of your business, risks and situation



We have the size and scale to protect you and your business

We develop partnerships to deliver innovative solutions



Our service team members are also shareholders in the business

We employ the best people who share our passion for personal service



Cyber risk Insurance Offering for Financial Planners

First party losses covered include ransomware attacks, business interruption losses



Funds Transfer Fraud & Social Engineering cover available under this policy to \$250,000



Operator error is covered as standard by this policy



Unlimited retroactive cover is available – there are no conditions or warranties to this cover



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THANK YOU



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