

What should I do if I have a complaint?

KNM will always seek to resolve complaints quickly and efficiently with the fairest possible result. If you have any queries please write to:

The Managing Director, KNM Services Pty Limited, Level 1, 170 Robertson Street, Fortitude Valley QLD 4006, PO box 2433, Fortitude Valley BC QLD 4006

If you are not satisfied you may refer the matter to:

Financial Industry Complaints Services (FICS) PO Box 579 Collins Street West, Melbourne, Vic 8007. Tel 1300 780 808 Fax 03 9621 2291

FICS is an industry sponsored company that seeks to advise and assist clients to resolve complaints with their financial advisers. FICS is an independent and impartial company.

If your concerns involve ethical conduct you may wish to raise your concerns in writing with the Financial Planning Association of Australia. The FPA can be contacted at PO Box 109 Collins Street West, Melbourne Vic 8007.

The Australian Securities and Investments Commission also has a free call Info Line on 1300 300 630.

Please contact the Managing Director at KNM's Brisbane address (above) or on telephone number 07 3620 6200 if you have any further questions. Please retain this document for your future reference.

Privacy Statement

At KNM Services Pty Limited (KNM) your right to privacy has always been important to us. This document explains why we collect your personal information and how we may use or disclose that information.

We collect information about you to provide you with various insurance/superannuation products and services to you. We usually collect personal information such as name, age, contact details, payment details, occupation, family and medical history and employment information. The full details of the types of personal information we collect can be found in the questions we ask and/or in the forms we ask you to complete. In some situations we may collect your personal information from a third party such as your medical practitioner or health professional, accountant, employer or superannuation provider. We will only do so with your consent.

If you do not provide information sought by KNM from time to time, it may affect KNM's ability to provide you with various products or services. You are required by law to disclose all relevant information to us when you apply for insurance/superannuation. Please refer to your application form for further details of this duty and the consequences of not complying with this duty.

We use your personal information to manage and administer all products and services we provide to you, ie provide you

with information about other products or services that may be of benefit to you, and to ensure our internal business operations are running smoothly (which may include fulfilling regulatory and legal requirements and confidential system testing).

Depending on the type of product or service we provide to you, we may need to disclose your information to certain third parties. If we do this we require these parties to protect your information in the same way we do. The types of organisations we may need to disclose your personal information include:

- External service providers that provide financial, legal, administrative or other services in connection with the operation of our business (for example our auditors, compliance consultants etc);
- Government agencies (as part of our regulatory or statutory obligations);
- Where we collect your information from a third party, then we may disclose your personal information to that person or entity;
- Where you were referred by a third party (eg accountant) then we may disclose your personal information to that party;
- Insurance, superannuation or funds management product issuers with your consent; and
- Other organizations that may wish to offer you their service

Your health and medical information will only be disclosed to service providers or authorized personnel who are directly involved in the assessment or administration of your application. Your personal information will not be used or disclosed for any purpose without your consent, except where required by law.

By completing a fact find/application form or any other form, you consent to KNM collecting, using, disclosing and handling your personal information as set out in this document.

You can request access to the personal information we hold about you. You may ask us at any time to correct this information where you believe it is incorrect or out of date.

There will be no fee for requesting access to your information. However, we may charge you the reasonable cost of processing your request. To access your personal information, or to obtain more information about your rights or our Privacy Policy, please contact KNM's Privacy Officer at:

Level 1, 170 Robertson Street
Fortitude Valley QLD 4006
Email: Brisbane@knmservices.com.au
Tel 07 3620 6200 Fax 07 3852 1444

KNM

the company

All financial services offered by KNM Services Pty Limited will be provided through a representative of KNM Services Pty Limited ABN 62 094 109 958. KNM Services Pty Limited is licensed under the Corporations Act 2001 to provide these services to you. Our Australian Financial Services Licence Number is 223477.

Our advisors are risk specialists and are equipped with knowledge about life insurance that is second to none.

KNM Services Pty Limited is a privately owned financial services company. Its shareholders include various accountancy practices, specialist risk and superannuation advisers and a large Australian life insurance company, TOWER Australia Limited.

Our Contact Details are:

Head office- Brisbane

Level 1, 170 Robertson Street
Fortitude Valley QLD 4006
PO Box 2433, Fortitude Valley BC QLD 4006
Email: Brisbane@knmservices.com.au
Tel 07 3620 6200
Fax 07 3852 1444

Mackay

Suite 8, 50 Macalister Street
Mackay QLD 4740
Email: Mackay@knmservices.com.au
Tel 07 4957 5444
Fax 07 4957 5455

Ingham

2 Herbert Street
Ingham QLD 4850
Email: ingham@knmservices.com.au
Tel 07 4776 3999
Fax 07 4776 2487

Cairns

C/O - Business & Wealth Partners
377 Mulgrave Road Westcourt
Cairns QLD 4870
Tel 07 4054 1527
Fax 07 4054 3065

www.knmservices.com.au

KNM

forlife
Life Insurance & Superannuation Specialists

PROFESSIONAL PROGRESSIVE PRUDENT



financial services guide

KNM Services Pty Limited is an Australian Financial Services Licensee. We specialize in providing advice on life insurance that protects your greatest asset - you.

Life insurance
Trauma insurance
Income protection insurance
Total & permanent disablement insurance
Business insurance
Key Man Insurance
Buy/Sell agreements
Succession Planning
Superannuation

For you, your family, your business

Issue date: June 2008-06-10

KNM insuranceforlife www.knmservices.com.au

This guide contains important information about:

- *Who we are*
- *How we can be contacted*
- *The services we offer*
- *How we and our associates are paid*
- *Any potential conflict of interest we may have*
- *Who to contact should you have a complaint*

The purpose of this guide is to introduce you to KNM Services Pty Limited and the services we provide.

If we provide you with advice, we will prepare and provide you with a Statement of Advice (SOA). In the event that we recommend that you purchase a particular life insurance policy we will provide you with a Product Disclosure Statement (PDS). The PDS is prepared by the product issuer and is designed to give you important information about the recommended policy, which will enable you to make an informed decision in relation to the acquisition of the product.

What kinds of financial services are we authorized to provide and what kinds of products do those services relate to?

We are able to provide you with financial product advice and deal in life insurance risk and superannuation products, including self managed superannuation funds.

We specialize in providing advice to retail clients in relation to a wide range of life insurance policies, including:

- Term Life Insurance
- Trauma Insurance
- Total and Permanent Disability Insurance
- Income Protection Insurance
- Business Expense Insurance

Some of these may be arranged through a superannuation fund.

In addition to providing advice, we may also provide certain services. For example, after you have accepted our advice, we will arrange with the relevant insurance company or companies for you to be issued with the particular life insurance policy or policies recommended.

We also provide additional contact services. For example, if you wish to change banking or contact details, KNM will manage that for you. If you suspect your insurances needs upgrading or changing in some other way, KNM will manage that for you against your policy. We can also assist you with any claim that you might have.

KNM's staff and advisers are experts when it comes to financial services, particularly life insurance. Need assistance? Have a query? Just call and we can help.

How do we provide advice?

We are authorized to provide you with both personal and general financial product advice.

Before providing you with personal financial product advice, we will undertake a "needs analysis". This assists us to provide you with advice that is appropriate to your personal circumstances. The advice will be presented by way of a Statement of Advice. The Statement of Advice contains the basis for our advice and the advice itself.

If, for any reason, you do not provide us with your relevant personal circumstances then we can only provide you with general advice. If this is the case, we will let you know.

We can also provide you with factual information about insurance policies such as the nature of insurance policies, the coverage of an insurance policy, options available under an insurance policy, the premium payable and payment options.

If we provide further advice to you and your personal circumstances have not significantly changed, and that further advice is the advice we provided to you in a previous Statement of Advice and we do not give that further advice in writing, you may request a copy of the record of that further advice at any time up to 7 years from the date our representative gave the further advice to you.

You can request the record of advice by contacting us in writing or by telephone or email. See our contact details at the end of this Financial Services Guide.

How can you give us instructions?

You need to give us instructions in writing by letter, fax or email.

Do we have any relationships or associations with product issuers which might reasonably influence us?

KNM Services Pty Limited is owned by a number of shareholders. At the date that this Financial Services Guide was prepared there were 33 shareholders. TOWER Australia Limited is one such shareholder.

TOWER Australia Limited has made available to KNM Services Pty Limited a loan of up to \$300,000. Interest is payable on any part of the loan that is drawn down and it is repayable over 3 years.

As at the date of this Financial Services Guide an executive of

TOWER Australia Limited was a non-executive Director of KNM Services Pty Limited.

TOWER Australia Limited is a product issuer, with whom KNM Services Pty Limited deals.

How are we paid for the services we provide?

We may be paid in various ways according to the service you require and our arrangements with the relevant product issuer.

Payment by the product issuer

Unless we tell you otherwise, KNM is remunerated by commission from the relevant product issuer when you enter into a financial product recommended and arranged by KNM Services Pty Limited.

In relation to life insurance products, the commission is a percentage of the premium. For calculating commission, the premium excludes government fees and charges and some product issuers also exclude premium loadings from the commission calculation.

There are generally two types of commission paid. The initial commission relates to the first year's premium that you pay. The rate for initial commission has a range from 0% and 112.5% (excluding GST). The renewal commission relates to every subsequent year's premium and ranges between 0% and 30% (excluding GST).

For example, if the annual premium for the life insurance product you acquire as a result of our advice and arrangement is \$1,000, then for example, KNM could receive up to \$1,125 in the first year and up to \$300 every year thereafter while the policy remains in force through us. Out of this commission, KNM must pay for commission to its employed advisers, other wages, rent, compliance, training, accounting services and general overheads.

In relation to superannuation products, KNM Services Pty Limited may receive commission. This is paid by the product issuers and is in a range from 0% to 5% of the superannuation funds that we recommend and arrange for you to invest. This commission is paid each year.

For example, if your superannuation fund has a value of \$100,000, KNM could receive from \$2,500 up to \$5,000 per annum.

KNM Services may also receive bonuses from product issuers. At the date of this FSG, TOWER pays to KNM Services Pty Limited a bonus based on the increase in the value of the premiums paid to TOWER which is attributable to KNM's recommendations and arrangements. If the premiums it has with TOWER, attributable to KNM's efforts, grow by 15% over the year to 31 March 2009, then KNM Services Pty Limited will be

paid 1% of the total in-force premium.

This means that if the TOWER growth target is achieved, KNM Services Pty Limited will receive a one off payment on or about 31 March 2009 of \$125,944.

In addition KNM is currently entitled to receive a bonus from TOWER as a reward for maintaining in excess of \$3 million of premium in force. It is currently paid at the rate of \$20,000 per annum.

Fees paid by You

We may charge you a flat fee of \$550 (excluding GST) for arranging a financial services product, or a fee of between \$50-\$150 (excluding GST) per hour based upon the time spent working on your file and preparing you advice.

We will inform you of the nature and amount of any fee involved prior to us performing the service for you.

Other remuneration information

Staff of KNM Services Pty Limited receive an annual salary. In addition, employed advisers receive between 25% and 90% of the first year's premium recommended and arranged. In some case, advisers are may also be entitled to receive up to 30% of the renewal commission received by KNM Services Pty Limited.

Where a third party has referred you to us, we may pay them a referral fee of between 20% and 50% of the commission or fees received by KNM Services Pty Limited.

The Statement of Advice you will be given will particularize the remuneration that KNM Services Pty Limited, the KNM adviser and the referring party each receive.

What information do we maintain about you and how can you access it?

We maintain a record of your personal profile, which includes details of your objectives, financial situation, needs and any recommendation we made to you.

We are committed to implementing and promoting a privacy policy, which will ensure the privacy and security of your personal information. A copy of our privacy document is enclosed for your information.

If you wish to examine your file, we ask that you make a request in writing and allow up to fourteen days for the information to be forwarded. Every effort will be made to comply with your request. We reserve the right to charge a fee to cover the cost of verifying the application and locating, retrieving, reviewing and copy any material requested. If the information sought is extensive, will advise of the likely cost in advance and can help to refine your request if required.