



**nm insurance**  
SECURING THE JOURNEY TOGETHER

# Distributor Sales Procedures Australia

NM Insurance Pty Ltd  
25 July 2022



Land



Load



Sea

## 1. Background & objectives

### 1.1 Financial services regulation

The financial services industry is highly regulated.

Companies and individuals can only provide financial services if they hold an Australian financial services (**AFS**) licence or are appointed as a representative of an AFS licensee.

NM Insurance Pty Ltd (**NM Insurance**) holds an AFS licence.

### 1.2 The role of distributors

Distributors provide financial services because they arrange for people to purchase our products. This is a form of dealing in a financial product.

Distributors **can't** provide any **financial product advice** (influencing statements) about the products they arrange.

NM Insurance appoints boat, motorcycle and caravan dealerships, finance brokerages and the staff that work within them, as its distributors provided they meet certain eligibility criteria and comply with the relevant laws and the terms and conditions of our Distributor Agreements and relevant policies and procedures.

**As a distributor you arrange insurance under our AFS licence. This means you are our representative and we are responsible for the financial services you provide.**

### 1.3 These Sales Procedures

These Sales Procedures apply to all dealerships, finance brokerages and individual dealers and finance brokers that are appointed as our distributors to arrange our products for their customers.

### 1.4 The Sales Process

You must follow the Sales Process when discussing and arranging insurance. This is set out in Section 4 and in the flowchart on the final page.

Insurance can only be offered and the Sales Process only begins when a customer commits to purchasing an asset or financing their purchase.

Offering insurance in other situations may amount to hawking - which is illegal (see Section 5).

## 2. Arranging insurance

As a distributor you are authorised to arrange insurance through our online quote and bind platforms. In doing so, you must follow the Sales Process. In particular **you must**:

- Obtain a customer's **consent** before discussing insurance with them (see Section 4 Step 2)
- Inform a customer that you can provide them with **factual information** about insurance but not any advice (see Section 4 Step 3)
- Consider whether a customer could be **vulnerable** (see Section 4 Step 7)
- Provide customers with important documents (see Section 4 Step 9):
  - a Financial Services Guide (**FSG**) – this contains important information about the financial services we (and you) provide
  - a Product Disclosure Statement (**PDS**) – this contains the terms and conditions of the insurance policy that is available for them to purchase.
- Tell customers about our Target Market Determinations and ensure they're in our target market before selling insurance to them (see Section 4 Steps 10 and 15 and Section 8).
- Tell customers about their **duty to take reasonable care not to make a misrepresentation** (see Section 4 Step 11)
- Comply with privacy laws including a requirement to give customers a **privacy collection notice** before entering their details into our quote and bind platform (see Section 4 Step 12 and Section 9)
- Comply with the **General Insurance Code of Practice** (see Section 10)
- If a customer elects to finance their insurance premium to access our 'pay by the month' option – print out and provide the Pay by Month Insurance Request (**loan agreement**) to the customer (see Section 4 Steps 16 to 19).

When discussing insurance with a customer you **must not**:

- Make any statements intended or likely to influence a customer's decision to purchase insurance – this is **financial product advice** (see Sections 6 and 7)
- Make any statement or take any action that is **misleading, false or deceptive** (see Section 11)
- Use any **unfair** or **high pressure** sales tactics (see Sections 10 and 11).

### 3. How to use these Sales Procedures

You **must** follow the Sales Process when discussing and arranging insurance for a customer. This is set out in Section 4 and in the flowchart on the final page of these Sales Procedures.

Sections 5 to 11 provide further information about why and how certain steps in the Sales Process must be followed.

**Contact your NM Insurance business development manager immediately if you have any questions.**

### 4. Sales Process

#### Step 1: Customer commits to buying or financing an asset

The Sales Process begins when a customer commits to buying or financing a boat, motorcycle or caravan (eg by paying a deposit or signing a finance agreement).

Offering insurance in other situations could break strict anti-hawking laws (see Section 5).

#### Step 2: Get consent to discuss insurance

You **must** have positive, clear and informed consent from a customer before discussing insurance with them.

**Always obtain a customer's consent before discussing insurance with them, eg:**

**"I can arrange insurance for your [boat / bike / caravan]. Can I discuss this with you?"**

#### Step 3: Clarify your role

As a 'distributor' you **can** provide customers with **factual information** about NM Insurance products but **not financial product advice**. See Sections 5 and 6 for guidance on the difference between factual information and advice.

**Always inform a customer upfront that you can provide factual information about insurance but not advice, eg:**

**"The information I provide is factual and not a recommendation or advice".**

#### Steps 4 and 5: Provide a brief product overview

Provide a brief factual explanation of the policy's:

- Key features and benefits and
- Key conditions and exclusions.

You can use our Product Summary document to do this.

Tell the customer that the policy provides a no claims bonus in certain circumstances and that this is explained in the Product Disclosure Statement you will give them.

#### ALWAYS:

- **Communicate in plain language – avoid using industry jargon and complex terminology**
- **Act in an efficient, honest, fair and transparent manner.**

**ONLY provide a customer with factual information about a product.**

**NEVER recommend the product or provide an opinion about it – this is financial product advice.**

#### Step 6: Confirm whether customer wants a quote

Ask the customer whether they'd like an insurance quote. If they don't, the Sales Process ends here.

### Step 7: Is the customer 'vulnerable'?

We take extra care with customers who experience vulnerability. You **must** do the same. This is because a person's vulnerabilities can give rise to unique needs.

A person may be vulnerable due to a range of factors such as:

- Age
- Disability
- Mental health conditions
- Physical health conditions
- Family violence
- Language barriers
- Cultural background
- Aboriginal or Torres Strait Islander status
- Remote location or
- Financial distress.

You **must not** arrange insurance for vulnerable customers.

So, before preparing a quote for a customer, consider whether they could be vulnerable.

If they clearly fall within one of the above categories, or you believe they might – refer them immediately to NM Insurance for further discussion and management of their insurance needs.

If there's no indication that the customer is or may be vulnerable, continue to Step 7.

**Don't arrange insurance for vulnerable customers. Immediately refer them to NM Insurance. Here's how:**

#### 1. Tell the customer:

**"I'm going to provide your name and contact details to NM Insurance. They'll call you asap to discuss your insurance needs. Is that ok with you?"**

**2. Contact the relevant NM Insurance customer service team and explain the situation – they'll contact the customer asap to discuss their insurance needs.**

For vulnerable or potentially vulnerable customers, the Sales Process ends here.

### Step 8: Start a quote

Log in to the relevant NM Insurance quote and bind platform using your allocated login ID.

**NEVER:**

- **Use someone else's login ID to provide a quote or**
- **Give your login ID to someone else.**

### Step 9: Provide the Financial Services Guide (FSG) and Product Disclosure Statement (PDS)

All customers must be given an FSG and PDS before insurance is arranged for them.

Our FSG contains important information about the financial services we (and you) provide. It also informs a customer how we (and you) are paid and how they can make a complaint about our services. The FSG is intended to help customers make an informed decision about whether to use our (and your) insurance services.

**Always give customers an FSG before providing an insurance quote. Either:**

- **Enter the customer's email address into the first screen of the quote and bind platform – this will ensure that the FSG is sent to them by email or**
- **If the customer doesn't have an email address – provide a hard copy and tell them: "Here's a Financial Services Guide. It's an important document so please read it carefully".**

The PDS contains all the features, benefits, conditions and exclusions that apply to a policy. The PDS enables customers to make an informed decision about whether to purchase a particular product.

**Always give customers a PDS before providing an insurance quote. Either:**

- **Enter the customer's email address into the first screen of the quote and bind platform – this will ensure that the PDS is sent to them by email or**
- **If the customer doesn't have an email address – provide a hard copy and tell them: "Here's a Product Disclosure Statement. It contains the features, benefits, conditions and exclusions of the policy. Please read it carefully to decide if the insurance is right for you".**

### Step 10: Tell the customer about our Target Market Determination (TMD)

We have published a TMD for all of our retail products. This describes the class of consumers in the target market for a product.

After providing the FSG and PDS, tell the customer that a TMD is available on our corporate website.

Here's how:

**“There's a Target Market Determination available for the product. You can access this on the NM Insurance website.”**

### Step 11: Tell the customer about their 'duty not to misrepresent'

A consumer purchasing insurance, has a legal duty to take reasonable care not to make a misrepresentation to an insurer when arranging insurance cover. During the quoting process you will ask the customer a number of questions set out in our quote and bind platform. These questions are relevant to our decision about whether to provide insurance and on what terms.

When a customer answers these questions they must not give false or misleading information.

A consumer's failure to comply with their duty could have significant consequences for them.

Therefore, you **must** inform a customer about the nature and effect of their duty not to misrepresent before providing them with an insurance quote or arranging insurance for them.

Our quoting platforms include a 'consumer notice' about this duty. You **must** read this to a customer word for word, before arranging a quote for them.

**How to give the consumer notice:**

**“I just need to tell you about your duty to take reasonable care not to make a misrepresentation. Please listen carefully [read the consumer notice]”.**

### Step 12: Give the customer a 'privacy collection notice'

You **must** comply with privacy laws when arranging insurance for a customer. In particular, before collecting personal information from them, you must tell them why we collect this and let them know certain things about the way we'll manage their information.

Our quoting platforms include a 'privacy collection notice'. You **must** read this to a customer word for word, before arranging a quote for them.

**How to give the privacy collection notice:**

**“I also need to give you some information about how NM Insurance manages personal information ...”.**

Section 8 explains other privacy law requirements that you must always comply with.

**If a customer asks for our Privacy Policy, refer them to the Privacy section on the NM Insurance website.**

### Steps 13 and 14: Provide the quote

Ask the customer to answer all questions within the quote and bind platform. You must take care to enter their responses accurately.

**If you identify an error or mistake in an insurance application or information or documents that we have or will rely on in assessing an application – you MUST correct it immediately.**

Tell the customer:

- What their annual insurance premium will be
- That they can finance their premium through Principal Finance Pty Ltd (**Principal Finance**) or another financier, if they would prefer to pay for insurance in monthly instalments plus interest. If the customer chooses this option, make sure they understand that they will be financing their premium and that interest will be payable
- **For Nautilus Marine Insurance products only**  
That the amount quoted includes an annual subscription to the bi-monthly Nautilus Marine Magazine at a cost of \$33+GST and that they can opt out of this now or at any time in the future.

**IMPORTANT: Click the 'Email Quote' button to ensure that the quote is sent to the customer.**

If we can't provide insurance for the customer tell them:

- They don't meet our standard underwriting criteria
- They can ask us for the information we have relied on in making this decision (give them our customer service contact number if they request this)
- They can contact the Insurance Council of Australia or the National Insurance Broker's Association for information about alternative insurance options and
- That information about our complaints process is contained in our Financial Services Guide.

### Step 15: Consider the target market

Before processing an insurance sale, consider all of the information a customer has provided and satisfy yourself that they are in the target market for the relevant product (see Section 8).

### Steps 16 to 19: Process insurance sale

Give the customer time to read the Financial Services Guide and Product Disclosure Statement.

When the customer is ready, ask them if they'd like to purchase insurance based on the quote you've provided. If they do:

- Confirm that the information they have provided is accurate and
- Process the purchase and payment information.

**NEVER accept a cash payment from a customer or use your own or a dealership credit card to pay for insurance on their behalf. This is strictly prohibited.**

**Insurance payments must be made directly from a customer's credit card to NM Insurance. This means you CAN NOT include the cost of insurance in your own invoice to a customer.**

**We monitor payment transactions to identify violations of this prohibition.**

If a customer decides to finance their premium through Principal Finance (to access our pay by the month option):

- Tell them that they will be financing their premium through a loan from Principal Finance and to which interest charges (which are included in the monthly instalment quoted) will apply
- Print out and provide the customer with a copy of the Principal Finance Pay by the Month Insurance Request Form (loan application) and
- Tell them:
  - that their policy will automatically renew at the end of the policy period unless they opt out of this process and
  - to check the amount of their sum insured prior to this, to ensure it's still appropriate.

### NEVER:

- **Pressure a customer to buy insurance**
- **Ask a customer to sign an acknowledgment to the effect that they have decided not to buy insurance or**
- **Use high pressure sales tactics.**

**This is illegal!**

## 5. What is hawking?

It is a criminal offence to offer insurance to someone or invite them to apply for a policy, during or because of an unsolicited contact (ie if they haven't consented).

Anti-hawking laws are very complicated. However, it's fair to assume that when a customer commits to buying a substantial asset like a boat, motorcycle or caravan, they have a reasonable expectation of being offered comprehensive (or similar) insurance to protect well known financial risks associated with it.

Offering insurance in other situations, eg when an asset is serviced or repaired may breach hawking laws.

Because of this, insurance can only be offered, and the insurance Sales Process only begins, when a customer commits to purchasing or financing an asset.

To offer insurance in any other circumstances, including at leisure shows, requires a documented process, controls and formal sign off by us (which may or may not be provided).

## 6. What is factual information?

You **can** provide factual information about an insurance product. To be factual, information must be objectively ascertainable such that its truth or accuracy can't be reasonably questioned.

**The best way to stay factual is to stick to and read from the relevant Product Disclosure Statement or Product Summary document.**

If a customer asks you a question about a product, answer it by referring them to the relevant section of the Product Disclosure Statement. If they ask for your opinion on something, explain that you can only provide factual information not advice.

**To respond to a question about the cover provided by a policy either:**

- **Refer a customer to the relevant section of the Product Disclosure Statement or**
- **Tell them to contact the relevant NM Insurance customer service team.**

The next section contains examples of factual information (that **can** be provided).

### 6.1 Examples of factual information

#### **Nautilus Marine Boat / Personal Watercraft Insurance**

"Nautilus Marine comprehensive boat [boat / personal watercraft] insurance covers accidental loss or damage to your vessel including impact, sinking, fire and storm damage"

"You are also covered for things like lost keys, repatriation costs and salvage charges"

#### **On-road Motorcycle Insurance**

"You can choose comprehensive cover, third party fire theft cover or third party liability only cover."

"Comprehensive cover provides a number of additional benefits including relating to salvage costs, riding gear and emergency repairs"

#### **Caravan Insurance**

"You can cover loss to your caravan plus some contents in the event of things like an accident, fire, flood or storm"

"The policy includes cover for legal liability to pay compensation for accidental death, injury or property damage to someone else, if it's caused by you owning or using your caravan"

**Only an APRA regulated insurer can describe itself as an 'insurer'.**

**We are an insurance underwriting agency, not an insurer.**

**Never tell customers or lead them to believe that we are an 'insurer'.**

## 7. What is financial product advice?

You **can't** provide financial product advice to a customer when communicating with them (verbally or in writing). In addition, you **can't** publish any financial product advice in any form, including on a website.

Financial product advice is any statement intended to promote a product or influence a person to purchase insurance (or that is likely to be regarded as intended to influence them).

Financial product advice usually involves a judgement about the quality of a product. For example, you can't say that you have 'approved' or decided to only distribute a particular product as this would imply that you have made a qualitative judgment about it – so would be advice.

An intention to influence a customer's decision can also be inferred from the way information is presented, for example if the features of two products are described in such a way that suggests one compares more favourably than the other.

**Don't publish information about us, our products or your insurance related services in print or digital form (including websites and social media channels), unless this has been approved by us in writing.**

The next section contains examples of comments that would be **financial product advice** (and which **can't** be made).

### Examples of financial product advice

"I recommend this insurance."

"I'd buy it if I were you"

"It provides the best cover"

"The extra benefits are fantastic"

"Comprehensive cover would be best for you"

"It provides market leading cover"

"They always pay claims"

"They're the best in the market"

**NEVER provide a recommendation or your opinion on insurance. Here's how to respond if a customer asks what you think, or what you'd do: "I'm afraid I can't provide any advice.**

**It's important that you read the Product Disclosure Statement to decide if the product is right for you. If you've still got questions you can contact NM Insurance - their contact details are in the Product Disclosure Statement."**

## 8. The Target Market

We have prepared a Target Market Determination (TMD) for all of our retail products. This describes the class of consumers that comprises the target market for a product. It also provides specific examples of people and assets that are not within the relevant target market.

You must not sell insurance to someone unless they are in the target market for the relevant product.

If you realise that insurance has been sold to someone who isn't within the target market, you must report this to your business development manager immediately.

**Always consider whether a customer is in the relevant target market before selling insurance to them.**

## 9. Privacy laws

You must comply with privacy laws when arranging insurance for customers. In particular you **must**:

- Manage personal information in an open and transparent way
- Give customers a privacy collection notice before collecting their personal information – see Section 4 Step 12
- Provide customers with access to our Privacy Policy if they request this – refer them to the Privacy section on the NM Insurance website
- Only collect personal information that is reasonably necessary to enable us to provide insurance – only request the information required by our quote and bind platforms
- Only collect personal information from the actual individual to whom it relates (eg not from a relative or friend)
- Only use a customer's personal information to provide an insurance quote or process a policy sale and not for any other purpose
- Only provide a customer's insurance related personal information to us and not to any other person or entity
- Take reasonable steps to ensure that the personal information you collect from a customer is accurate, up to date and complete – take care when entering it into the quote and bind platform
- Take reasonable steps to protect personal information from misuse, interference, loss and unauthorised access, modification and disclosure
- If a customer wants to access or correct any personal information we hold about them or make a privacy related complaint – immediately refer them to the relevant NM Insurance customer service team.

**NEVER:**

- **Use paper to record a customer's personal information - record this in the quote and bind platform to ensure it is secure**



- Give your platform log in ID to anyone else
- Give a customer's insurance related personal information to anyone other than us.

If a customer:

- Asks for our Privacy Policy – refer them to the Privacy section on the NM Insurance website
- Wants to access or correct the personal information we hold about them - refer them to our customer service team immediately.

## 10. General Insurance Code of Practice

The insurer that underwrites our products, subscribes to the General Insurance Code of Practice (the **Code**). This means that we (and you) must comply with its provisions.

The Code sets minimum standards in relation to the way that insurance is sold.

To comply with the Code you must do the following when discussing and arranging insurance:

- Deal with customers professionally
- Immediately refer vulnerable customers to us (see Section 4 Step 7)
- Tell customers what insurance related services you are authorised to provide - this is explained in the Financial Services Guide you give them – see Section 4 Step 9
- Communicate in plain language – avoid using industry jargon and complex terminology
- Don't engage in conduct that would be considered 'pressure selling'
- Arrange insurance in an efficient, honest, fair and transparent manner
- If you identify an error or mistake in an insurance application or information or documents that we have or will rely on in assessing an application – correct it immediately
- Give customers certain information if we can't provide insurance for them (see Section 4 Steps 13 and 14).

- If the customer elects to finance the premium for their insurance through Principal Finance (to access our pay by the month option) – tell them:
  - that their policy will automatically renew at the end of the policy period unless they opt out of this process and
  - to check the amount of their sum insured prior to this, to see if it is still appropriate for them.

## 11. Unacceptable sales practices

Strict legal standards apply in relation to the way that insurance is sold. The following sections describe conduct that is illegal and therefore, strictly prohibited.

### 11.1 Unconscionable conduct

You **must not** engage in 'unconscionable' conduct. Conduct will be unconscionable if it is particularly harsh or oppressive, exploitative or unethical.

#### Examples of unconscionable conduct

- **Processing insurance for a customer whose English is limited and where it is obvious that he/she can't read or understand the Product Disclosure Statement.**
- **Using high pressure sales tactics such as rushing the sales process or pressuring customers to commit to insurance:**
- **Selling insurance to someone who is not in the target market for the product.**

### 11.2 Misleading and deceptive conduct

You **must not** engage in misleading or deceptive conduct or conduct that is likely to mislead or deceive.

#### Examples of misleading and deceptive conduct

- **Leading a customer to believe that they must purchase a particular policy to get their finance approved.**
- **Including insurance in a customer's purchase without them explicitly requesting this.**
- **Allowing a customer to believe that a policy covers something that it does not cover.**

### 11.3 False or misleading representations

You **must not** make any false or misleading statements about insurance or our or your insurance related services.

#### Examples of false / misleading representations

- **Exaggerating the features and benefits of a policy.**
- **Telling a customer that they must make an immediate decision to secure the premium quoted.**
- **Telling a customer that a policy covers something that it does not cover.**
- **Telling a customer that you can get them a discounted price.**

## 12. Breach and incident reporting

You must tell us **within 24 hours**, of:

- **any insurance sale to someone outside a product's target market**
- any other breaches or incidents of non-compliance with relevant laws or these Sales Procedures.

**Email your NM Insurance business relationship manager within 24 hours if you identify a relevant sale, breach or incident.**

We investigate and manage breaches and incidents in accordance with our incident management procedures.

Failure to report a breach or incident in accordance with these procedures will be treated seriously and may lead to increased monitoring and supervision and/or termination of your Distributor Agreement.

## 13. Complaint reporting

You must tell us in writing **within 24 hours**, of any complaints you receive about:

- Us
- Our products or services or
- The insurance services you provide on our behalf.

### 13.1 What is a complaint?

A complaint is an expression of dissatisfaction, in circumstances where a response or resolution is explicitly or implicitly expected. It may be about:

- Your or your dealership's conduct or activities in relation to insurance
- Us
- Our products or services
- Our staff, representatives or service providers or
- Our handling of a complaint.

**NEVER respond to a complaint yourself. Instead:**

- **Thank the customer for raising their concerns with you**
- **Tell the customer that their complaint will be handled through our complaints process – this is described in our Financial Services Guide and**
- **Tell the customer that an NM Insurance representative will respond to their complaint within 15 business days.**

We investigate, manage and respond to complaints in accordance with our complaint handling procedures.

**Email your NM Insurance business relationship manager within 24 hours if you receive an insurance related complaint.**

Failure to report a complaint in accordance with these procedures will be treated seriously and may lead to increased monitoring and supervision and/or termination of your Distributor Agreement.

## 14. Monitoring and audit

We monitor the activities of our distributors to ensure that they comply with:

- Financial services and privacy laws
- The terms of our Distributor Agreements and
- Our policies and procedures including these Sales Procedures.

Our monitoring activities may include:

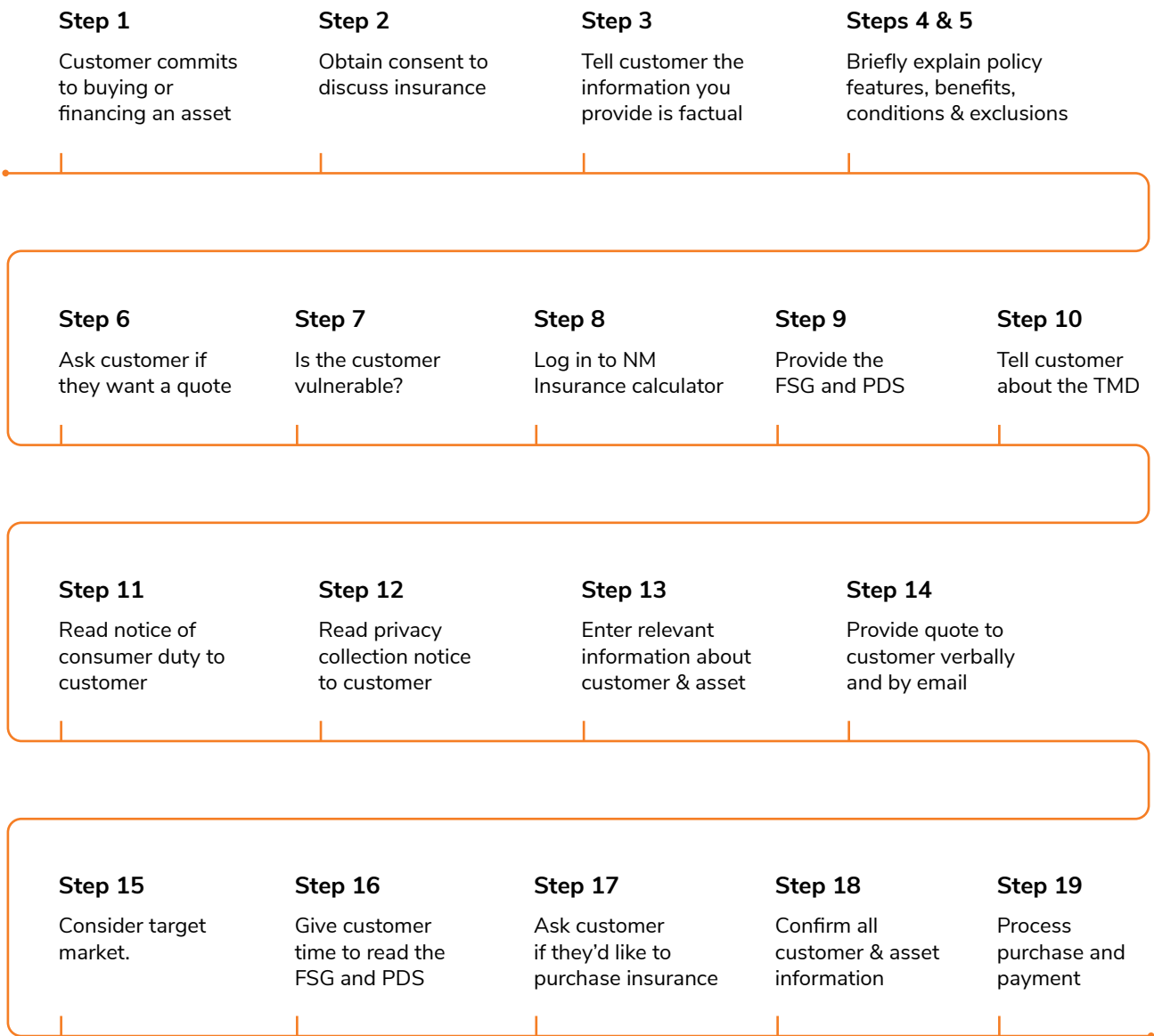
- Monitoring completion of allocated training modules
- Mystery shopping and customer experience surveys
- Bi-annual distributor reviews
- Distributor surveys, questionnaires, assessments and/or declarations
- On-site compliance observation and audits.

**Failure to comply with these Sales Procedures will be treated VERY seriously and may lead to termination of your Distributor Agreement.**

## 15. Review

These procedures are reviewed by us from time to time. Any new or amended version will be provided to you.

## Distributor Sales Process



Visit our offices across Australia or contact your local Business Development Manager.  
For any further information visit [www.nminurance.com.au](http://www.nminurance.com.au)

NM Insurance Pty Ltd (ABN 34 100 633 038 AFSL 227 186)



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