



## **Associated Insurance Brokers Guide to its Short-term Insurance Intermediary Services**

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Associated Insurance Broker's (AIB) objective is to provide insurance cover selected on a clear-cut and informed basis. We handle most categories of short-term insurance.

***Welcome to AIB t/as Associated Insurance Brokers (AIB)***

i capital Risk Services (Proprietary) Limited, trading as AIB is a subsidiary of the i capital Group of companies, an independent South African Financial Services Group.

AIB was established in 1983 and its central focus is the handling of all classes of short-term corporate, commercial, industrial, property, domestic, household and motor insurance. Business is placed with most of the local insurance companies or niche underwriting agencies.

AIB's Jewellers Block and Art division is the acknowledged local specialist insurance broker to the diamond, jewellery and art markets. Policies are placed with Lloyd's of London via Open Market correspondent arrangements and with the specialist local insurance markets.

***AIB 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's 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 AIB 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;
- Collect premium 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, thus establishing your risk profile, and providing 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 emergency services)

#### ***As an independent intermediary between you and your insurance provider***

When we advise you on insurance cover best meets your requirements 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 FAIS. We will intermediate 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.

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 AIB 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 operational 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 at up to 12.5% of the premium for motor policies and up to 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 operational fee for our advice services set out earlier in this guide. In addition, this operational fee includes recovery of certain costs related to acting as your independent intermediary, training, information technology expenditure, audit and compliance expenditure as well as professional indemnity, commercial crime and cyber liability insurance costs.

We advise you of the full amount of the commission we receive from insurers in respect of your insurance policy and operational fee separately in terms of the statutory notice that is submitted with all policy documentation. In the event of any mid-term cancellation of a policy or future downward adjustment of policy values, we are required by law to return that portion of the commission commensurate with the returned premium allowed by insurers.

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.



In terms of the Insurance Act premiums are payable on or before due date (unless paid monthly) and we as your intermediary, are required by law to pay all premiums received to insurers within 15 days of the end of the month in which the policy was renewed / endorsement was effective and consequently premiums received. We are entitled to earn and retain interest on these monies whilst in our bank account.

***Insurer 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 such fee.

**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 AIB’s offices on 011 883 2400, or visit [www.aib.za.com](http://www.aib.za.com)