



Retail & Wholesale Clients

Under the Corporations Act, clients are categorised as either Retail or Wholesale. Retail Clients are afforded additional protection compared to Wholesale Clients.

Certain information contained in this Financial Services Guide applies to Retail Clients only. Therefore it is important to understand if it applies to you.

A Retail Client is an individual or small business that purchases a prescribed retail insurance product. A small business is one employing less than 20 people or if a manufacturer, less than 100 people. The small business must purchase the insurance for use in connection with the business.

The following are considered to be prescribed retail insurance products:

- Motor vehicle;
- Home building;
- Home contents;
- Sickness & accident;
- Consumer credit;
- Travel;
- Personal & domestic property;
- Any other kind of insurance prescribed in the regulations.

All other clients are Wholesale Clients. All products which are not prescribed to be retail are wholesale.

Retail Client Disclosure

The Corporations Act 2001 (Cwlth) imposes certain requirements when dealing with retail clients. These are summarised as follows.

Before any advice is provided the retail client must be provided with a Financial Services Guide (FSG) that includes the following:

- Name and contact details of the provider
- What services the provider is authorised to provide
- Who the provider acts for and any significant associations

- How the provider will be remunerated
- The dispute resolution process
- If the provider acts under a binder, information about what services will be provided under the binder

Where Personal Advice is given to a retail client on consumer credit or sickness and personal accident insurance then a Statement of Advice (SoA) must be issued. This Statement of Advice must detail the following:

- The client's circumstances and objectives
- A note about incomplete and inaccurate information
- The basis of the advice
- The provider's advice
- Details of the provider's charges
- Important relationships
- The provider's contact details

For Personal Advice in respect of any other retail products information must be provided about the remuneration or other benefits and any other associations in the form of a Letter of Advice (LoA) or Record of Advice.

Where General Advice is been provided to a retail client then General Advice Warning must provided to the retail client stating that the advice has not taken into account any personal information when providing the advice.

When a retail client is recommended to acquire a financial product then a Product Disclosure Statement (PDS) must be issued to the retail client. The Product Disclosure Statement (PDS) details information about the particular product being recommended.