

AFTA Chargeback Scheme

Combined Financial Services
Guide and Product Disclosure
Statement



FINANCIAL SERVICES GUIDE

GOW-GATES MUTUAL MANAGEMENT PTY LIMITED (GOW-GATES)

Introduction

This Financial Services Guide (**FSG**) describes the services Gow-Gates Mutual Management Pty Ltd (**Gow-Gates**) provides and explains our relationship with AFTA Insolvency Chargeback Scheme Limited trading as AFTA Chargeback Scheme (**ACS**) and the discretionary products we deal in. This FSG also describes how Gow-Gates is remunerated for the services, our professional indemnity insurance, and how we handle any complaints You may have.

There is a glossary of terms which are used in this combined FSG and PDS at the end of the document on page 15.

If You are interested in the discretionary protection offered by ACS, You should read the Product Disclosure Statement (**PDS**) contained below in this document. Reading it will help You to decide if the Protection suits Your business' needs, objectives and financial position.

What services can we provide?

Gow-Gates is the professional mutual manager for ACS. When Gow-Gates offers to issue a discretionary protection product issued by ACS to You, it does so as an agent of ACS. Details of the Protection offered to Members of ACS is provided in the PDS.

Gow-Gates may also advise You about discretionary protection products, and when it does this, it acts as Your agent. However, Gow-Gates can only provide this advice in general terms and cannot advise about Your individual situation.

Gow-Gates has an authorisation to act as an authorised representative when providing services in relation to the discretionary protection offered by ACS (including handling applications for membership of ACS and making offers of discretionary protection). Gow-Gates' authorised representative number is 001256402 and its Australian financial services licence holder is Asia Mideast Insurance and Reinsurance Pty Ltd (**AMIR**) ABN: 67 079 924 851 AFSL No. 239926.

How we are remunerated

Gow-Gates is paid a management fee by ACS for each year it provides mutual management services to ACS. Gow-Gates pays AMIR a licence fee for the authorisation granted to Gow-Gates.

Important Associations

Gow-Gates is part of the Gow-Gates Group of Companies, which includes Gow-Gates Insurance Brokers Pty Ltd, Gow-Gates Insurance Brokers (Australasia) Pty Ltd and Australian Insurance Agency Pool Pty Ltd. Gow-Gates has a representative appointed to the Board of ACS to provide professional mutual management expertise at Board level.

What information do we collect?

We maintain a record of Your personal profile. That record contains personal information about You and Your Protection. If You wish to access Your file please contact our Privacy Officer on 02 8267 9999. For further details of our Privacy Policy please ask us for a copy or refer to ACS website (www.afta.com.au/acs).

Gow-Gates' professional indemnity insurance

Gow-Gates has professional indemnity insurance in place which covers Gow-Gates for any errors or mistakes relating to our services. This insurance meets the requirements of the Corporations Act and covers the services provided by Gow-Gates and after Gow-Gates ceases to provide mutual management services to ACS, provided Gow-Gates notifies the insurer of the claim when it arises and this is done within the relevant policy period.

What to do if you have a complaint

If You have a complaint about the financial services provided to You, please contact Gow-Gates in the first instance. Gow-Gates can be contacted on 02 8267 9999 or you can write to them at:

Gow-Gates Mutual Management Pty Limited
 Postal Address: GPO Box 4731, Sydney NSW 2001
 Email: travel@gowgates.com.au

Gow-Gates will acknowledge receipt of Your complaint within 24 hours and provide a response in writing within 15 business days. AMIR will also facilitate resolution of Your complaint as the authorising licensee.

After this, if the complaint can't be resolved to your satisfaction, you may have the right to refer the matter to the Australian Financial Complaints Authority (AFCA). Membership of AFCA is held by AMIR as the authorising licensee. AFCA can be contacted on:

Online: www.afca.org.au
 Email: info@afca.org.au
 Phone: 1800 931 678
 Mail: Australian Financial Complaints Authority
 GPO Box 3, Melbourne VIC 3001

Time limits may apply to complain to AFCA and so you should act promptly or otherwise consult the AFCA website to find out if or when the time limit relevant to your circumstances expires.

How do you contact us?

You can contact us using the following methods

<p>Mutual Manager: Gow-Gates Mutual Management Pty Ltd ABN: 12 609 791 353 AR No: 001256402 Level 8, 491 Kent Street Sydney NSW 2000 Ph: 02 8267 9999 Email: travel@gowgates.com.au</p>	<p>Authorising licensee: Asia Mideast Insurance and Reinsurance Pty Ltd ABN: 67 079 924 851 AFS Licence No: 239926 Suite 202, Level 2, 103 Miller Street North Sydney NSW 2060 Ph: (02) 9929 9877 Email: info@amir.com.au</p>
---	---

More Information

If You would like more information, please contact us by phone, in writing by email as set out in the contact details above.

This FSG was prepared on 18 June 2019.

This FSG has been authorised for distribution by Asia Mideast Insurance and Reinsurance Pty Ltd ABN: 67 079 924 851 AFSL No. 239926.

PRODUCT DISCLOSURE STATEMENT

Introduction

This Product Disclosure Statement (**PDS**) is an important legal document that contains what You need to know about the AFTA Chargeback Scheme (**ACS**). It is provided so You can make an informed choice about whether to join ACS as a Member and to apply for the Protection available to Members including the Supplier Failure Chargeback (**SFC**) benefit.

The PDS is in two parts:

- **Part 1 – ACS Membership Rights**, describing Your rights and entitlements as a Member - Membership is a pre-requisite to accessing the SFC Benefit and is regulated by the Constitution.
- **Part 2 –ACS Supplier Failure Chargeback Benefit Terms**, detailing the terms on which ACS will consider Claims for the SFC Benefit – The SFC Benefit is provided by ACS on the terms contained in the PDS subject to the operation of the Constitution and the exercise of discretion by the Board.

There is a glossary of terms used throughout the PDS on page 15.

Part 1 and Part 2 when combined together forms the PDS, so it is important that You keep the entire document in a safe place for future reference. We may update this PDS from time to time. When necessary ACS will issue a supplementary or replacement PDS.

What is ACS?

ACS is a non-profit company limited by guarantee that has been formed by Australian Federation of Travel Agents Limited (**AFTA**) to operate a discretionary mutual to provide financial protection for the benefit of travel agents.

ACS offers Protection, specifically the SFC Benefit, and associated financial services to Members. Any AFTA Travel Accreditation Scheme (**ATAS**) member is eligible to become a Member of ACS. The Protection provided by ACS is a particular type of financial product that is an alternative to insurance – it is known as Discretionary Protection or Protection, and is explained below.

As a mutual, ACS can use the combined purchasing power of its Members to spread the cost of risk and to provide additional coverage and other benefits in areas where traditional insurance providers will not provide cover.

The structure of the mutual means ACS is owned by its Members, Contributions made by Members will fund the Protection and only Members of ACS are entitled to the Protection, being the SFC Benefit it provides. Members are entitled to vote at the Annual General Meeting of ACS and have other rights as members of a public company under the Constitution and the *Corporations Act 2001* (Cth).

What is Protection?

Discretionary Protection is a legitimate way in which a group of people (like the Members) can manage the financial risk and consequences of certain events affecting their travel agency business, like the SFC Benefit.

By working together to fund the SFC Benefit for the group, the group has better buying power and is able to help those Members who suffer Financial Loss due to the failure of a Supplier.

Your entitlement as a Member is not an immediate right to have Your Claim paid. Instead Your legal right is to have Your Claim for Protection considered by ACS. The Board exercises its discretion as to whether it will or will not pay the Claim. The Board sets guidelines to ensure they operate fairly and consistently and in the interests of the Members. The Board also considers the terms of this Product Disclosure Statement when determining Claims for the SFC Benefit. Protection Terms are detailed in Part 2 of this PDS.

Members are welcome to make a written submission to the Board if their Claim is denied and the Board will make a further (and final) determination. See page 12 for details of how to do this.

Discretionary Protection is a financial product but it does not offer the same level of protection that an insurance policy may give You. An insurer is obliged to pay the Claim if the Claim falls within the policy terms and conditions. That is not the case with ACS. However the Board must act fairly and consistently when exercising its discretion and always do so in the best interests of all Members.

How is ACS managed?

The Board manages ACS with the assistance of a professional mutual manager, Gow-Gates Mutual Management Pty Ltd (**Gow-Gates**). ACS has appointed Gow-Gates to establish and assist in the management of the mutual. Gow-Gates is a professional manager of discretionary mutuals and a specialist insurance broker. Details about Gow-Gates's financial services authorisation are described in the Financial Services Guide. Gow-Gates performs the financial administrative and claims functions for the mutual.

The Board makes critical decisions about the Protection offered by ACS and the exercise of discretion to pay Claims. It also authorises the payment of expenses. The powers of the Board are detailed in the Constitution.

In managing the mutual, the Board must abide by the Constitution of ACS. The Constitution sets out the objectives of ACS, its powers as a company limited by guarantee, the rules governing its operations, the eligibility criteria of Members, the election of Directors and the conduct of Members and Directors meetings.

ACS Directors have been selected and drawn from the travel and insurance industries. AFTA is also represented on the Board by the AFTA CEO. The composition of the Board provides the business acumen and industry expertise necessary to lead the mutual and make astute and prudent risk management and claims decisions.

ACS is Your first point of contact for any enquiries about Membership and/or Protection. Contact details can be found below.

Understanding the protection offered

Before You make Your decision to become a member and hold Protection, please read the PDS carefully. This PDS does not take in to consideration Your business' objectives, financial situation or needs. You should consider this information in relation to Your own circumstances before making any decision about joining ACS as a Member and applying for Protection, which is only available to ATAS accredited travel agents. If You require professional advice prior to deciding whether to hold Protection, it is important that You seek that advice before making any decision. Gow-Gates can provide general advice and information to assist You but does not provide personal advice the suitability of the Protection for Your particular situation. Please keep this PDS and Your Protection Schedule in a safe place for future reference.

Contact Details

AFTA Insolvency Chargeback Scheme Limited t/as AFTA Chargeback Scheme (ACS)
ABN 45 619 074 074
Tel: 02 9287 9900
Email: acs@afta.com.au
Website: www.afta.com.au/acs
Street Address: Level 3, 309 Pitt Street, Sydney, NSW, 2000

Gow-Gates Mutual Management Pty Ltd
ABN 12 609 791 353 | AR No 001256402
Tel: 02 8267 9999 | Fax: 02 8267 9998
Postal Address: GPO Box 4731, Sydney, NSW, 2001

Membership:
ACS Member Enquiries
Email: acs@afta.com.au

Claims:
ACS Claims Manager
Email: travel@gowgates.com.au

PART 1 – ACS Membership Rights

Who can join ACS?

ACS has the discretion to decide who to admit to Membership and whether or not to accept an application. AFTA members that hold a current ATAS accreditation are automatically invited to make an application for membership.

What are the benefits of ACS Membership?

Members of ACS can access the discretionary protection offered by ACS, including the right to have a SFC Benefit Claim considered by the Board. This is available for each Member if they suffer a Loss from a Protected Event. The SFC Benefit is available to each Member, for Claims within the ACS Aggregate Limit.

A Member that holds a current Protection Schedule and has paid all of their Contributions for the current Protection Year can have one or more Claims considered where they have suffered Financial Loss and it comes within the description of the Scope of Protection in Part 2 of the PDS.

Members may also benefit from additional products and services offered by ACS from time to time. Member's rights are entrenched in the Constitution. It describes the Board's powers when considering Claims made by members who have acquired Protection from ACS.

How do you apply for Membership?

Applicants for Membership are sent an application form for completion. Members are asked to supply information about their ATAS membership and the total turnover value earned by them from Travel Arrangements booked with Suppliers. It is essential that the application is completed truthfully and in full, and Your contact details are current.

Even if You are a current AFTA member with ATAS accreditation, You must submit an application form to become a Member. Membership enquiries can be directed to ACS using the contact details at the front of this PDS. When making an application for membership, You will be provided with:

- A copy of the Constitution;
- Membership Application Form.

If the information provided is incorrect, the Board may refuse to grant Membership and/or refuse to pay a Claim for Protection.

There is no charge for admission to Membership and each Member will receive a Certificate of Membership when their application is approved.

How can I access the Protection?

Protection is available to current Members in each Protection Year when their Contributions for the SFC Benefit are paid to ACS.

Each Protection Year is from 1 July to 30 June (except for those Members who join midway through the year in which case the Protection Year commences on the date they join and ends on 30 June).

Your Membership continues automatically until You terminate it or You are no longer eligible for Membership.

If You cancel Your Membership and notify ACS prior to 31 March, You will not have Protection for the next Protection Year: See page 11 for details.

How is the Protection funded?

Each year Member Contributions are used to create the ACS Aggregate Limit. The ACS Aggregate Limit is used to pay accepted Member Claims throughout the year.

Contribution amounts will be collected by the Payment Partners. These are the credit card merchant payment facility providers who will process credit card transactions for Members and each of them has an commercial arrangement with ACS to collect Contributions from Members.

If the Contribution amount is not paid, Protection is not available to the Member.

This means each Member must maintain their arrangement for credit card processing services with a Payment Partner throughout the Protection Year to ensure that each credit card transaction for a Travel Arrangement is an Eligible Transaction and if there is a Supplier failure, a Claim for Protection can be made. More details about this are in Part 2 of this PDS.

When a Claim is accepted by the Board, ACS will always be the party paying Your accepted Claim. What sets ACS apart is that it has in place Excess of Loss insurance, which is used to pay accepted Claims in the event the level of all Claims reaches or exceeds a pre-determined amount (the ACS Aggregate Limit). This is a financial safeguard for ACS, and importantly provides Members with greater certainty. Please note Members are not able to make a direct claim on the Excess of Loss Insurance, only ACS can do this.

What sort of financial strength does ACS have?

ACS uses the Contributions it collects from Members to fund the payment of the Claims for the SFC Benefit. However it also takes other measures to ensure that Claims can be paid if the Contributions are used entirely in a Protection Year to pay Claims.

Gow-Gates has been engaged to professionally manage ACS and to assess the degree to which the ACS Aggregate Limit is adequate and to advise ACS about the purchase of insurance to protect ACS and its Members from a high number of Claims in any one Protection Year. This insurance is called Excess of Loss Insurance.

ACS is required to maintain an adjusted surplus liquid funds requirement as a buffer for paying Claims along with sufficient cash reserves to meet the operational needs of ACS.

ACS is not an insurance company and it is not required to maintain the same financial solvency levels that an insurance company does. ACS is not regulated under the *Insurance Act 1973* (Cth) and it is not financially supervised by APRA.

How much will the Contributions be?

Contributions are calculated as a surcharge on Eligible Transactions, which are then paid to ACS in each Protection Year (see formula below) from time to time by the Board based on the overall requirement of the mutual and to ensure a prudent allowance is made for the ACS Aggregate Limit, premiums for the Excess of

Loss Insurance and other expenses of the mutual. The Contribution Rate is 0.25%. The Contribution Rate may be reviewed and amended in accordance with the provisions of the Constitution and governing rules.

Contribution = Contribution Rate x value of Eligible Transactions

Travel agents are permitted to apply the surcharge pursuant to Reserve Bank of Australia, Standard No. 3 Of 2016 Scheme Rules Relating to Merchant Pricing for Credit Debit and Prepaid Card Transactions. The Payment Partners are responsible for collecting and paying the Contribution to ACS on behalf of members.

Because ACS is a not for profit entity, there is no 'profit factor' built into the calculation of Your Contributions. ACS calculates Contributions on the basis that:

- ACS will have adequate financial resources to discharge future Claims liabilities and make future Claims payments to Members. Each year ACS sets a limit, which is the maximum amount for all Claims that ACS will fund itself in that Protection Year. This is the ACS Aggregate Limit.
- ACS will have sufficient funds to purchase the Excess of Loss Insurance to help support ACS in paying Claims if the size of the Claims in that Protection Year exceeds the ACS Aggregate Limit.
- ACS will have sufficient funds to meet the adjusted surplus liquid funds financial requirement which is expected to be held by the mutual to comply with ASIC's regulatory requirements.

What happens to any surplus held by ACS?

At the end of a Protection Year, there may be a 'surplus' of Contributions – this is the amount that ACS retains and has not been paid out in Claims to Members in that Protection Year.

ACS may in its discretion apply a surplus from a previous Protection Year to offer other benefits (e.g. guarantee Members' bank bonding arrangements), reduce Contributions by Members, provide increased protection to Members, or for any other use approved by the Board on the grounds that it is considered beneficial to the Membership base (e.g. the development of risk management programs).

Unlike other public companies, Members are not entitled to receive surplus funds on voluntary winding up or after the closure of the Protection Year in order to preserve the tax treatment of the Contributions.

If the mutual is wound up, ACS could use a surplus for the purposes of its objects including in any successor mutual or insurance vehicle, to offer other products and services that benefit the Members or by transferring it to other non-profit organisations which provide benefits to the Members.

What are the significant risks of Protection?

Like any financial product, there are risks attached. The key risks are:

- *Protection is not the same as insurance.*

ACS issues a 'miscellaneous financial risk product' to offer Protection. There is no immediate promise of indemnity, rather, if there is a Financial Loss covered by the Protection, the holder of the Protection asks ACS to exercise its discretion to indemnify it and if the Board or its delegate agrees to grant indemnity, then the Financial Loss will be covered as understood by reference to the terms of the Protection.

- *Catastrophic events may affect ACS's ability to meet Claims.*

In a catastrophic event, a large number of Claims made in any one Protection Year may exceed the ACS Aggregate Limit and the limit of liability for the Excess of Loss Insurance. In this event, ACS may not have sufficient capital to pay all Claims. There is no limit on the number of Claims that can be made on the Excess of Loss Insurance, if the Limit of Liability is not exhausted. If there are multiple Claims from one event and they are large in size, it is possible that the limit of liability for that insurance may be eroded entirely. In such cases, ACS may exercise its discretion to pay a proportion of each Member's Claim until the Limit of Liability is exhausted. ACS has taken professional advice as to the adequacy of the Contributions and the levels of insurance required to meet all likely Claims. ACS and Gow-Gates cannot guarantee, however, that in all cases all Claims would be provided for in every Protection Year.

- *A Member could lose their entitlements if their membership is not renewed.*

Because ACS is a mutual for the benefit of all Members it reserves the right to expel Members who are no longer eligible (e.g. Members who lose their ATAS accreditation) and deny them access to Protection in circumstances which are in the best interests of the Members as a whole or where a Member breaches the rules of Membership.

- *A Member could continue to make bookings with an insolvent Supplier or lose their ability to process transactions with an Approved APP.*

In order to protect the ACS Aggregate Limit for Members as a group, in some situations ACS may reduce or exclude Claims for a particular Supplier, where that Supplier exposes the mutual to greater risk. In these circumstances, ACS will notify You when there are restrictions on the transactions that can be conducted with a particular Supplier or when no Protection is available for transactions involving a particular Supplier. Once ACS notifies You, the Protection will be altered from that time onwards for Claims involving Travel Arrangements with that Supplier.

Members need to be vigilant when ACS notifies them of the list of restricted or excluded Suppliers to make sure they manage their risk in an appropriate way. This may include using alternate suppliers or alternate booking processes.

It is important for You to maintain Your business relationship with a Payment Partner and to have all credit and debit card transactions involving Travel Arrangements with a Supplier processed by a Payment Partner, otherwise those transactions will not be eligible for Protection. Changing the merchant payment facility to someone who is not a Payment Partner will mean You have no Protection.

Are there any tax implications?

GST is payable on Contributions. There is no stamp duty or other taxes payable on the Contributions.

How do I notify a claim?

It is important to notify ACS as soon as possible if You need to make a Claim. You have ten (10) days from the date You become aware of the Financial Loss to lodge Your Claim.

ACS will send You a Claim form and after that You will be asked to deal with the Claims Manager. Send Your Claim form and any other information required to process the Claim to the Claims Manager. The Claims

Manager will assess the Claim on behalf of ACS and will make recommendations to the Board on whether or not to accept a Claim and the amount to be paid.

The Board will then give consideration to the Claim and whether to approve, refuse or reduce a Claim. Members can dispute a decision made by the Board regarding a Claim for Protection by making a written submission to the Board: see page 12.

The Claims Manager will advise You as soon as possible after receipt of all information requested by it, as to whether Your Claim for Protection will be accepted and for what amount.

How do I ensure that I can preserve my rights of recovery

In some cases, ACS may want to pursue a legal right of recovery against a Supplier who has caused the Financial Loss suffered by a Member. If Your Claim is paid, ACS has this right immediately upon deciding to pay the Claim.

In those circumstances You must ensure that You do not do anything that could interfere with the legal rights to pursue the Supplier who caused the loss. This means You cannot release a Supplier from their legal responsibilities or reach a settlement or other arrangement with them which holds them harmless for failing to supply the Travel Arrangements. Check the Travel Arrangements including the contractual terms and conditions with Suppliers because any indemnity, hold harmless or release could interfere with ACS' rights of subrogation.

ACS has full discretion in the conduct of any proceedings in connection with any recovery claim. ACS has the right to decide whether or not it will control or direct the conduct of any Claim for damages or otherwise and any litigation conducted by ACS or in the Member's name.

If a personal appearance by a Member or any other relevant person is necessary at court or elsewhere, the expense of such appearance must be borne or paid by the Member.

Members must fully cooperate by supplying any information and assistance requested by ACS, the Claims Manager or any agent appointed by ACS with respect to the Claim.

Can I cancel Membership and Protection?

Members can cancel their Membership and Protection. You must notify ACS at least 90 days before the end of the Protection Year if You want to end Your Membership. The Protection Year ends on 30 June in each year so Your cancellation notice must be received by ACS by 31 March.

There is no refund of any Contributions You have already paid prior to canceling your Membership.

The reason that ACS limits the right to cancel is to ensure the stability of Membership and Contributions for the benefit of all Members. The reason that ACS limits the right of a refund after cancellation is to ensure the stability of the ACS Aggregate Limit and the availability of Protection for the benefit of all remaining Members.

If ACS is no longer willing to allow You to remain as a Member or is permitted to expel You for failing to meet the conditions of Membership, ACS must advise You in writing. Expulsion of a Member must occur in accordance with the rules in the Constitution. All Protections offered with Membership will also cease at the end of the Protection Year in relation to Claims involving Travel Arrangements booked on or after the expiry of the Protection Year.

Protection is provided on an ‘occurrence-basis’, which means You must have a current Protection Schedule at the time of Your Claim to have your Claim considered by the Board.

Can I dispute a Board decision?

The Board sets guidelines to ensure they exercise discretion fairly and consistently and in the interests of all Members when considering the merits of a Claim. The Board also considers the terms of this PDS when determining Claims for the SFC Benefit.

If You wish to dispute the Board decision, You are welcome to make a written submission to ACS and to ask the Board to reconsider their decision. You must do this within 60 days of the date that You were notified that the Claim would not be paid. The Board will give full consideration to Your submission when deciding the final outcome. Send Your submission and request for reconsideration to the Claims Manager.

If You have a complaint about any of the services provided by ACS or any other person engaged by ACS, please contact ACS. If, after making a complaint to ACS, You are still not satisfied, You can make a complaint by following the process described on page 3.

Protecting your personal information

ACS is committed to protecting the privacy of Your personal information in accordance with the *Privacy Act 1988* (Cth) and the Australian Privacy Principles.

ACS requires personal information from You to assess Your application for Membership and Protection. If You don’t provide the information we may not be able to accept Your Membership application or offer Protection to You.

To provide Membership and Protection and to obtain insurance for ACS, we may need to disclose Your personal information to other people. These people will include the Claims Manager, the insurer of the Excess of Loss Insurance, claims adjusters and assessors, lawyers and other people involved in providing Protection to You and handling Claims for Protection.

From time to time, ACS may use Your information to send You details about our products and services. We always give You the option of electing not to receive these communications.

You can request access to the personal information we hold about You at any time and if the information is incomplete, inaccurate, misleading, out of date or irrelevant we will correct that information. In some limited cases, we may need to refuse access or refuse a request for correction. For more information about this, see the Privacy Policy at www.afta.com.au/acs.

If You wish to request access to Your personal information or You have complaints about how Your personal information has been handled, contact ACS .

PART 2 – ACS Supplier Failure Chargeback Benefit Terms

Despite anything in this PDS that suggests otherwise, the Protection set out in this PDS is subject to the Constitution of ACS and to the benefit amounts, limits and other conditions specified in Your Protection Schedule.

Capitalised terms in Part 2 of this PDS have the specific meaning in the Definitions and Glossary on page 14. To understand the SFC Benefit, read those defined terms.

Scope of Protection

For each Protection Year, You are entitled to have any Claims for SFC Benefit considered by the Board of ACS if You hold a Protection Schedule for the current Protection Year. You are entitled to submit a Claim for a Financial Loss caused by a Protected Event.

Payment of Claims for Protection is always at the sole and absolute discretion of the Board and subject to the payment of the relevant Contribution for the Protection Year by You.

The Board will consider Your Claim for Protection in accordance with the:

- terms and conditions contained in this PDS;
- Certificate of Membership and Protection Schedule issued to You; and
- the Constitution and any guidelines, by-laws and subordinate regulations enacted by the Board in accordance with the Constitution.

Supplier Failure Chargeback (SFC) Benefit

If You sustain a Financial Loss from a Protected Event, You can claim to have ACS indemnify You for Your liability to pay or reimburse a Customer (including Your net ascertained Financial Loss) in each Protection Year in which You hold a Protection Schedule but only in the circumstances where the Customer successfully claims against You for reimbursement of credit card payments for Travel Arrangements which are cancelled or cannot be supplied because the Supplier of the Travel Arrangements You have booked for a Customer has suffered an Insolvency Event.

Indirect losses suffered by Customers/Members

ACS will not pay claims for indirect or consequential loss including but not limited to claims made by Customers against You or Claims made by You for loss of enjoyment, mental anguish and distress, loss of production, loss of revenue, loss of contract or relationship, liquidated damages, fines, penalties, taxes, punitive, special, aggravated or exemplary damages.

Excluded/Restricted Suppliers

At any time during the Protection Year, ACS may notify You in writing of any Supplier who is excluded from Protection and from the relevant date advised by ACS, no Claims for Protection will be authorised by the Board in relation to Travel Arrangements with that Supplier.

To ensure that You do not suffer Financial Loss in relation to an excluded or restricted Supplier, You must act on the notification immediately and introduce alternate risk management plans with an excluded Supplier.

Using a Non-Approved Payment Partner

No Protection is provided for credit and debit card transactions which are not Eligible Transactions. If You change Your payment facility to someone who is not a Payment Partner, the transactions they process for You will not pay a Contribution and therefore they will not qualify as Eligible Transactions. This means a Claim for Financial Loss involving those transactions will not be paid because a Contribution has not been paid.

Exclusions

No protection is provided in respect of any loss directly or indirectly caused by, consequent upon, contributed to, or resulting from any of the following:

1. War (whether before or after the outbreak of hostilities) between any of the following powers: People's Republic of China, France, United Kingdom, the United States of America and the Russian Federation.
2. (a). Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising there from or any consequential loss

(b). Any legal liability of whatsoever nature

Directly or indirectly by or contributed to by or arising from;

(i). Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel

(ii). The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
3. Civil commotion assuming the proportions of or amounting to a popular rising riot, strike, lockouts, martial law or the act of any lawfully constituted authority.

Fraudulent Claims

If any claim be in any respect fraudulent or if any fraudulent means or devices be used by the Member or anyone acting on the Member's behalf to obtain any benefit, or if any loss hereunder be occasioned by the willful act or with the connivance of the Member, the claim may be refused.

Special Condition

Only Suppliers declared by a Member and requested to be protected and subsequently agreed in writing will be covered subject to the maximum limit shown in the Protection Schedule. Any non-declared Suppliers will come under a miscellaneous limit as shown in the Protection Schedule.

Making a Claim

Your right to have a Claim considered by ACS is subject to You and/or Your representative notifying ACS of the Claim or an intention to make a Claim. The Claims Manager contact details are on page 6.

When circumstances arise which may give rise to a Claim, You must take all reasonable steps at the time to mitigate the Claim. You are required to take any action reasonably requested by ACS to mitigate the Claim. For example, if You pay a Supplier using a payment method that has a Chargeback right, You must invoke a Chargeback against the insolvent Supplier. At the request of ACS a Member must provide evidence of how a Supplier was paid.

You and/or Your representative must at all times promptly notify ACS of any information, documents or reports in Your and/or Your representative's possession or knowledge relevant to any Claim and whenever requested give ACS (or its nominated representatives) reasonable access to such information, documents or reports for the purposes of considering the Claim.

Subrogation

Whenever a payment for a Claim is authorised by ACS, You agree to subrogate, assign or otherwise transfer any and all of its rights of recourse against third parties to ACS including Suppliers. You authorise ACS to use Your name in any proceedings relating to the payment.

ACS has the right to control or direct the conduct of any legal or other proceedings if ACS decides to pay a Claim for the SFC Benefit and there is a reasonable prospect of making a legal or financial recovery against a third party involved in causing the Financial Loss.

In these circumstances, ACS may require You or Your representatives to settle, compromise or otherwise dispose of such Claim in such manner and upon such terms as ACS, in its sole and absolute discretion sees fit. ACS waives any rights, remedies or relief to which it is entitled by subrogation against You or Your representative.

Definitions & Glossary

The following terms which are used in Part 1 & Part 2 have the meaning described below.

“AFTA” – The Australian Federation of Travel Agents Limited.

“ACS” – AFTA Insolvency Chargeback Scheme Limited t/as AFTA Chargeback Scheme, company limited by guarantee and discretionary mutual owned by Members and managed by the Board.

“ACS Aggregate Limit” – the maximum amount of the funds available to pay Claims which is set by the Board for each Protection Year after taking professional advice.

“Payment Partner” – the acquirers and payment facilitators that provide payment merchant facilities to Members who are approved from time to time by ACS.

“ATAS” – The AFTA Travel Accreditation Scheme.

“Board” – the board of directors of ACS appointed in accordance with the Constitution.

“Certificate of Membership” – the document issued by ACS to evidence a person's Membership. This is issued once on admission to Membership.

“Constitution” – the constitution for ACS which includes the governing rules and regulations of ACS and the discretionary nature of the protection offered by the mutual. A copy of the Constitution is available at: www.afta.com.au/acs

“Contribution – the amount determined by ACS as payable in each Protection Year in order for You to be entitled to claim for Protection in relation to the SFC Benefit.

“Chargeback” – a reversal or refund of an Eligible Transaction for a Customer’s Travel Arrangement.

“Claim” – a claim for discretionary protection in accordance with the Constitution of ACS.

“Customer” – a person who has booked and purchased a Travel Arrangement from You.

“Excess of Loss Insurance” – the insurance placed to assist ACS to pay Claims in each Protection Year if the ACS Aggregate Limit is completely depleted.

“Eligible Transaction” – a Customer sales transaction for a Travel Arrangement using a credit or debit card that provides the Customer with a Chargeback right if the product or service of a Supplier is not delivered.

“Financial Loss” - the costs of refunding any Eligible Transactions where the Chargeback is incurred by You.

“Gow-Gates” – Gow-Gates Mutual Management Pty Ltd, professional mutual manager to ACS.

“Insolvency Event” – any of the following events occurs in respect of an entity:

- it is, or is deemed under prevailing law to be, unable to pay its debts (as they fall due) or becomes insolvent;
- it admits its inability to pay its debts as they fall due;
- the value of its assets is less than its liabilities (taking into account contingent and prospective liabilities) as certified by an independent accountant at any point in time;
- it suspends making payments on any of its debts or announces an intention to do so; or a moratorium (period of delay in payment) is authorised in respect of any of its indebtedness. If a moratorium occurs in respect of an entity, the ending of the moratorium of itself will not end the Insolvency deemed to arise as a result of the moratorium.
- any action, legal proceedings or other procedure or step is taken in relation to or with a view to:
 - the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration (whether out of court or otherwise) or reorganisation (by way of voluntary arrangement, scheme of arrangement, assignment or arrangement with any creditor of the entity);
 - a composition, assignment or arrangement with any creditor of the entity;
 - the appointment of a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver (court or otherwise) in respect of the entity or any of its assets;
 - the enforcement of any security over any assets of the entity;
 - a documented meeting of the entity, its directors or its members being convened for the purpose of agreeing any resolution for, or to petition for, or apply for or to file documents with a court for its winding-up, administration (whether out of court or with any registrar or otherwise) or dissolution or any such resolution passed.
 - any person presenting a petition or an application for the winding-up, administration (whether out of court or otherwise) or dissolution of the an entity;
 - the directors or other officers of the an entity requesting the appointment of or giving notice of their intention to appoint or take any formal step with a view to appointing a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator (whether out of court or otherwise) or similar officer; or
 - any analogous procedure or formal step is taken in any jurisdiction including, but not limited to, filing for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code.

“Member” – a current member of ACS.

“Membership” – admission as a member of ACS.

“Protected Event” – mean both the following events:

- A Chargeback is made against You on the basis of “Goods or Services Not Provided”; and
- The reason that the goods or services were not or could not be provided is because of the Supplier has suffered an Insolvency Event.

“Protection” – discretionary protection for the risks described in Part 2 of this PDS including the SFC Benefit.

“Protection Schedule” – the schedule issued to You that has the SFC Benefit for the current Protection Year following payment of the Contribution for the current Protection Year.

“Protection Year” – the period stated in Your Protection Schedule.

“SFC Benefit” – the Supplier Chargeback Failure Benefit described in the PDS.

“Supplier” – a supplier of a Travel Arrangement.

“Travel Arrangement” – a contract for travel arrangements or any individual components of those travel arrangements (including but not limited to flights, accommodation, tours, cruises, adventure experiences, entertainment and shows).

“You” – a current member of ACS with a current Protection Schedule for the SFC Benefit.

This PDS was prepared on 5 November 2018.