WHAT IS A DISCRETIONARY MUTUAL?

A **Mutual** is a public company, limited by guarantee, and is **collectively owned by its Members**.

A Mutuals' Members are both customers *and* owners.

A Mutual:

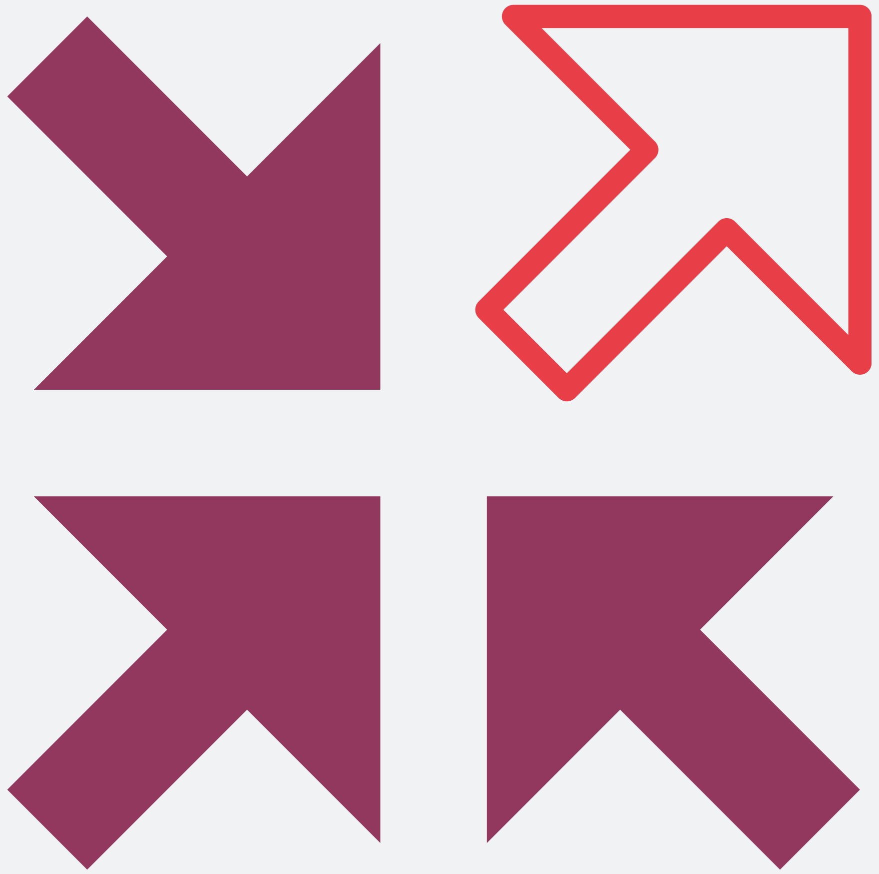
- has a **Board** that governs for the benefit of all Members.
- is a **Not for Profit** organisation.

As a Not for Profit, any surplus is retained for the benefit of Members including:

- increasing product benefits
- being offset against future contributions.

Discretionary Mutuals are financial services organisations that issue Risk Protection as an alternative to insurance.

- Discretionary Mutuals :
    - **are** operated only by organisations with a specific AFSL
    - **are** regulated by ASIC
    - **are** usually members of AFCA
    - **are not** discretionary trusts



Document Source: *Insurance News Webinar, 26 September 2024: Alternative Risk Transfer – Debunking the Myths About Insurance Alternatives*

A DISCRETIONARY MUTUAL IS NOT A TRUST.

	Discretionary Trust	Discretionary Mutual Fund
	A trust is a legal relationship where a trustee holds something of value for the benefit of others (beneficiaries).	**A not for profit financial services organisatioz that is collectively owned by its customers (members).**
Use	Management Investments, Group Buying Schemes	Mutual (Public Company Ltd by Guarantee)
Ownership	Trustee company owns the trust	Collectively owned by its customers = Members
Control & Surplus	Trustee controlled	Member controlled
Governed by	Trustee; can be a sole-director Private Company	Professional Board, that includes Members
Products	Bulk purchase of insurance products	Issues risk protection, can give access to insurance
Use of term "Discretion"	Trustee – policies, wordings, prices & commissions	Board – risk protection wordings, all claims
Use of term "Mutual"	Trustee should consider all beneficiaries equally	Legal structure = collective ownership by customers

Document Source: *Insurance News Webinar, 26 September 2024: Alternative Risk Transfer – Debunking the Myths About Insurance Alternatives*

WHAT DOES THIS MEAN FOR BROKERS?

INTRODUCE YOUR CLIENTS

They may be interested in joining an existing DMF.

Our Ark is available to provide quotes to clients that align with the intended Membership:

Any organisation that is vital to a local community.

Our Ark.

Read the relevant PDS:

- Accommodation
- Early Childhood Care & Education services
- Aged & NDIS care providers
- Church & other congregations
- Schools & education providers
- Community housing providers
- General PDS – for everything else

To learn more & to see if Our Ark products are suitable in your circumstance, email: hello@OurArk.com.au

BUILD NEW

To build new there is lead time of up to 6 months.

Under a consulting Statement of Work, there is a phased process to:

- Determine the size & scope of services required of Picnic (some, most, all – to design & operate a DMF)
  - Essentially who does what
- Determine capital requirements for the entire portfolio
- Identify products required. Eg. Property, Liability
- Design products wordings
- Seek Reinsurance support
- Establish entity, processes, systems and policies
- Create board
- Execute Contracts – design, build & operate

Picnic will require:

- Data on market size, existing premiums, claims etc
- Definition of the problem that is trying to be solved

For a confidential discussion, email: hello@PicnicLabs.io