

INFORMATION FOR A LOCUM AGREEMENT

CONSIDERATIONS

Many times, issues that arise in these arrangements are exacerbated by poor contract drafting, so we recommend getting legal advice once you have considered the below points with your locum adviser.

Consider mechanisms of revision for your agreement and be sure to review it when you are reviewing your BCP on an annual or semi-annual basis. Review your plan with your locum so they understand it and be sure to conduct a test run of triggers and system access etc. to ensure it runs smoothly and nothing has been overlooked.

Who is contracting?

Are you an FA within a FAP, AB, or Sole Trader FAP? How your locum contracts with you will be in part determined by your and their structure. Will this meet the requirements you set?

- If you are an FA working within a FAP, speak with your FAP.
- If you are an AB, check your existing FAP contract before attempting to create a locum agreement.
- If you are a Sole Trader FAP looking to engage with another FA, speak to the FMA prior to engaging in a locum agreement as you may need to change your structure.

Trigger Conditions

Triggers must be clearly identified in your agreement. You may be unable to trigger a contract manually and may require an automatic trigger due to death, disability, or leave of some other kind. Consider how these triggers are detected and communicated (e.g., a specific family or staff member) and the time frame of activation (e.g., within 24 hours).

Termination Conditions

You must contemplate how the period ends. This will require multiple methods. Also consider what happens when the period ends.

- Terminated by the contractor – notice period
- Contract expiry
- Termination by the FAP / AB/ Sole Trader FAP

Monitoring Performance

Your FAP continues to bear legal responsibility for the advice given, even if it contracts another FAP, AB or FA to do the work. Performance of a locum must be monitored, so this must be considered.

SUGGESTED SCHEDULES

Some of these may be best covered by a schedule of operation details. These are recommendations and you may not require every item listed in your agreement.

1. Place of work
2. Nature of work – what do you want them to do? The more detail you can provide will ensure clarity of the service contract and the operational requirements.
 - a. Types of advice engagements – new or existing clients
 - b. Types of products
 - c. Scope of advice
 - d. Meet the terms of your agency agreement
 - e. Provide continuity in non-advice customer service
3. Applicable rates
 - a. Base cost
 - b. Fees
 - c. Commissions
 - d. Reimbursement
 - e. Travel
4. Professional indemnity coverage
5. Standard documents
6. Systems access
7. Physical access
8. Brand used
9. Access to product
10. Competence requirements
11. Working days and hours
12. Term of agreement
13. Administrative support engagement
14. Underwriting assistance
15. Accounts systems / processes
16. Training
17. Connectivity – BYOD or contractor supplied
18. Client data
19. Record keeping
20. Confidentiality
21. Privacy
22. Tax
23. Severance