

# Financial Services Guide

Aon Risk Services Australia Limited

ABN 17 000 434 720

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**Aon**

## Financial Services Guide

This FSG explains:

- Our products & services
- Our remuneration
- Other important information

Please take the time to read it and keep it safely with your policy documents.

## Introduction

We aim to provide you with insurance products and services that protect and enhance your business. To help us achieve this, it's important that you understand what we do as your insurance broker.

Our Financial Services Guide (FSG) contains important information about the products and services Aon Risk Services Australia Limited (Aon) offers. It also explains how we, and our representatives, may be remunerated and contains details of our internal and external complaints handling procedures.

By continuing to engage Aon to provide insurance services, you are, in the absence of a formal written retainer agreement, agreeing to the delivery of our services and our remuneration as described in this FSG.

Please take time to read this FSG carefully as it contains important information.

If you are buying what we call an 'FSR Retail Product', we will, if and when required, also give you a Product Disclosure Statement. This contains information on the product and its features to assist you make an informed decision about whether or not to buy it. If we give you personal advice about a 'FSR Retail Product' we will, if required, also give you a Statement of Advice. This contains the advice we have given, the basis of that advice and other information about our remuneration and any relevant associations or interests.

You may request from us a record of further advice if you have not already been provided with it.

Please tell us if you think we can improve in any way and do not hesitate to raise any questions that you have.

This FSG is also available on our website:  
[www.aon.com.au](http://www.aon.com.au).

## How you can instruct us

You can give us instruction by using the contact details set out in this FSG.

## Our products and services

As your insurance broker we are licensed to deal in and provide advice in relation to general insurance products.

Under our licence, amongst other things, we are able to:

1. Arrange general insurance products to help you protect against insurable risks;
2. Collect information that insurers require from you;
3. Where needed, provide you with information and advice about general insurance products; and
4. Where needed, assist you to make insurance claims.

We will endeavour to arrange insurance that meets your risks and needs. However, it is you who best understands your risks and needs. We also rely on you for the accuracy and completeness of information you provide to us.

So, always consider the appropriateness of any advice we provide or any insurance we propose to you before acting on it.

Finally, please note that we cannot guarantee the availability of insurance for your particular risks. We do not guarantee the solvency of insurers.

## Arranging your insurances

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, however cheap the premium.

As Australia's leading insurance broker, we have many clients in similar businesses and situations with similar risks and needs. For these groups, we design and develop Aon products (Aon Product) which combine good pricing and quality cover from reputable insurers with a good claims paying record. Where we believe it suits your risks and needs, we will only recommend an Aon Product (rather than alternative insurance products).

Where we don't have an Aon Product suitable to your risks and needs we will, unless you agree otherwise, seek quotes from appropriate insurers and help you identify an alternative insurance product.

As your insurance broker we normally act for you in providing our insurance services. We'll tell you before or at the time if we are not acting for you in providing any part of our service. For example, an insurer may give us 'binding authority' to arrange or enter into insurance products on their behalf. We could also agree to handle or settle claims on an insurer's behalf. We will inform you if we act for an insurer in this way.

## The people who provide our services

We usually provide our services using Aon employees.

However in some cases we use 'Authorised Representatives'. These are third parties whom we have authorised to provide financial services on our behalf. When you are dealing with one of our Authorised Representatives in what we call an 'FSR Retail Product' an Authorised Representative Profile will be issued to you, setting out their company details, information about their industry experience and the services they are authorised to provide.

In some cases we will offer to sell you an insurance product using one of our 'Distributors'. Distributors are other third parties whom we have authorised to deal in specific insurance products on our behalf. They are not authorised to provide any advice.

Our Authorised Representatives and Distributors are not employees and do not receive a salary. Instead they may be paid a percentage of the commission and/or other part of our remuneration for the financial services they provide. This percentage may range between 0 percent and 38 percent of Aon's remuneration.

Our correspondence with you and/or correspondence from our third party representatives will disclose if an Authorised Representative or a Distributor is providing a financial service on our behalf. If we are selling you what we call an FSR Retail Product we will also disclose if an Authorised Representative is providing a financial services on our behalf. In cases where Authorised Representatives are providing our services, you will be given an Authorised Representative profile and this will form part of the FSG.

## Our remuneration

Unless we have agreed in writing otherwise, our remuneration will comprise the following:

- ✚ For arranging your insurances we usually receive a commission paid by the insurer. This type of remuneration is standard for insurance brokers and our rates of commission typically range from 5 percent to 30 percent of the premium (before taxes and statutory charges) depending on the type of insurance. Different insurers may pay different rates of commission. The insurer pays us out of its premium and the commission is not specifically disclosed on your invoice;
- ✚ A broker service charge for policy invoicing, premium collection and remittance and for issuing policies and other insurance administration work. This charge will appear on your invoice and will vary depending on the work involved and the commission we receive;
- ✚ In some cases you may need specific risk advice (such as a business interruption analysis or a valuation). We will charge a separate fee for these services, which we will agree with you beforehand;
- ✚ In some cases an insurer may quote its premium net of our commission. Where this happens we may increase the broker service charge by the amount of commission that would normally apply to this type of insurance or agree a specific fee with you;
- ✚ Where we provide you with personal advice in relation to what we call an FSR Retail Product, we will advise you of the full amount of our remuneration in relation to that FSR Retail Product;
- ✚ We may charge an additional administration fee for any change to the policy that necessitates us producing a further statement or invoice or a certificate of currency. We may retain this fee from any premium refund arising in connection with the policy change.

Please note that we treat our remuneration as fully earned when we issue you with a tax invoice, unless we have a written agreement with you that varies this statement. You agree that we may retain all our commission, fees and other remuneration in full in the event of any mid-term cancellation of a policy or future downward adjustment of premium. You also agree that the insurer and Aon may offset such remuneration from any premium refund you are entitled to.

We want to be entirely transparent about our remuneration. So please ask us if you want more information or have any questions. Below we have anticipated a couple of questions that you may have.

## **Does Aon receive any other remuneration for its service?**

The law requires us to pay your premiums (and certain moneys paid to us by insurers for your account) into a trust account pending payment to the insurer. We are entitled to earn and retain interest on these monies. Our standard credit terms for premium payments are 14 days. We pay insurers within the period dictated by the law or earlier if the insurer requires.

Occasionally we may need to access an overseas market to meet your insurance needs. We use Aon Group offices overseas where this is necessary and we or another Aon Group company earn commission on that placement at standard rates in the overseas market.

The Aon Group has a separate product design and development company (APDD) which has developed electronic quoting and placement platforms to enable Aon to efficiently obtain competitive quotations from panels of established insurers under the terms of insurance products also developed by APDD. The work that APDD does reduces the insurers' work and costs. In recognition of this, the insurers pay APDD an annual and/or a per transaction

license fee for access to and use of these platforms and/or Aon Products. The transaction license fee is calculated in a range between 2.6 percent and 5 percent of premium (excluding statutory charges and taxes) applying to the transaction. Your invoice will identify Aon Products as well as policies placed using these quoting and placement platforms.

Aon is part of a large financial and professional services group of companies (Aon Group). There are other parts of the Aon Group that may earn remuneration in connection with insurance we place for you. However, these are kept separate and distinct from the services that we provide to you so that they do not influence us to act contrary to your interests.

The following are more frequent examples.

The Aon Group has separate reinsurance broking companies that arrange insurance for insurers (called reinsurance). In some cases an insurer may ask one of our reinsurance broking companies to arrange reinsurance in respect of insurance purchased by you, in which case that company may also earn commission or other remuneration.

Aon Group companies also provide specialised consulting services to insurers and reinsurers for which they may receive remuneration.

Aon Group companies may also earn remuneration where they act as a wholesale broker or as agent for an insurer under a binder or Coverholder authority in respect of insurance that we may recommend to you. We will not recommend placing any insurance with such an agent or wholesaler unless it is an appropriate solution for your needs. Your invoice will identify where a product that has been recommended to you has been developed and or managed by another company in the Aon Group.

Aon and its staff may also receive non-monetary benefits from insurers such as sponsorships of Aon conferences and client functions and meals and entertainment. Aon has and monitors compliance with a policy that ensures that these do not create a conflict with your interests.

Should you require further information regarding any of the above forms of indirect remuneration or benefits, please contact your Aon Client Relationship Manager.

## How does Aon avoid conflicts of interest from earning commission?

Remuneration by way of a commission is commonplace in the financial services sector. We have taken a number of measures to ensure that our service to you is not affected as a result of receiving commission from insurers based on the amount of premium. These include:

- A conflict of interest policy and guide that our staff are required to comply with;
- Specific rules and controls in place to prevent conflicts affecting our services;
- Training our staff to understand the potential for conflicts and prevent such conflicts from affecting the service we provide to our clients;
- Promoting our values, which include openness, trust, and integrity;
- Having staff dedicated to monitoring compliance, including compliance with our conflicts of interest policy.

This helps ensure that our service to clients is not affected by any apparent conflict arising from our remuneration or anything else. However, please contact Aon's Compliance Officer if you have any concerns ([ars.compliance@aon.com.au](mailto:ars.compliance@aon.com.au)).

## What does Aon do with its remuneration?

We are one of Australia's leading insurance broking companies and we employ over 1,000 staff. So a large part of the remuneration we receive pays for the salaries and wages of our staff and remuneration we may pay to our Authorised Representative and Distributors. Our remuneration also funds normal business expenses such as rent and technology as well as the profit that our shareholders expect.

We often work closely with a trade or industry association in developing and distributing certain insurance products. Sometimes these associations endorse the insurance product we offer to their members. We may pay part of our remuneration to an association for their assistance or endorsement.

We also have relationships with various banks and other businesses which, when they consider it appropriate, will recommend Aon and our services to their clients. We may pay part of our remuneration to these referrers in recognition of this introduction.

## Other important information

### PROFESSIONAL INDEMNITY INSURANCE

In accordance with the requirements of the Corporations Act, Aon Risk Services Australia Limited maintains adequate Professional Indemnity Insurance. This insurance cover extends to claims in relation to our conduct as an Australian Financial Services licence holder and our employees and representatives both past and present, to compensate clients or their beneficiaries for loss or damage suffered if we provide negligent advice.

### PREMIUM AND INVOICE CALCULATIONS

We adopt industry practice in calculating local statutory charges as gazetted or advised by the Insurance Council of Australia.

All amounts referred to in our invoices, unless stated otherwise, are to be treated as exclusive of GST. Where the invoice is for a foreign currency amount, any applicable GST is converted to Australian dollars at the exchange rate published by the Reserve Bank of Australia at 4pm on the business day prior to the date of the invoice.

We make every effort to correctly determine the premium and statutory charges that apply to your insurance. However, occasionally errors can occur. We may correct any such error and (except to the extent prohibited by law) we will not be responsible for any loss you suffer as a result of the error and its correction.

## Privacy

We value the privacy of personal information and are bound by the Privacy Act 1988 when we collect, use, disclose or handle personal information. We collect personal information to offer, provide, manage and administer the services outlined in this FSG.

Please contact your local Aon office or visit our website at [www.aon.com.au](http://www.aon.com.au) if you would like a copy of our Privacy Policy or wish to seek access to, or to correct, the personal information we collect or disclose about you.

## Collection and use of corporate client information

Aon gathers data containing information about its corporate clients and their insurance placements, including, but not limited to: names, industry codes, policy types, and policy expiration dates, as well as information about the insurance companies that provide coverage to its clients or compete for its clients' insurance placements.

This information is maintained in one or more databases. In addition to being used for the benefit of Aon's clients, these databases also may be accessed by other Aon Group companies for other purposes, including providing consulting and other services to insurers for which the Aon Group may earn compensation.

Due to the global nature of services provided by the Aon Group, the information you may provide may be transmitted, used, stored and otherwise processed outside the country where you submitted that information. If you have questions about Aon Group data processing or related compensation, please contact your Aon Client Relationship Manager.

## Insurance Brokers Code of Practice

Aon Risk Services Limited is a member of the National Insurance Brokers Association and is bound by their Code of Practice (the Code).

The Code sets out standards for brokers to follow when dealing with clients, including requirements to inform clients of remuneration arrangements and any conflict of interest.

The Code is available from the National Insurance Brokers Association website – [www.niba.com.au](http://www.niba.com.au)

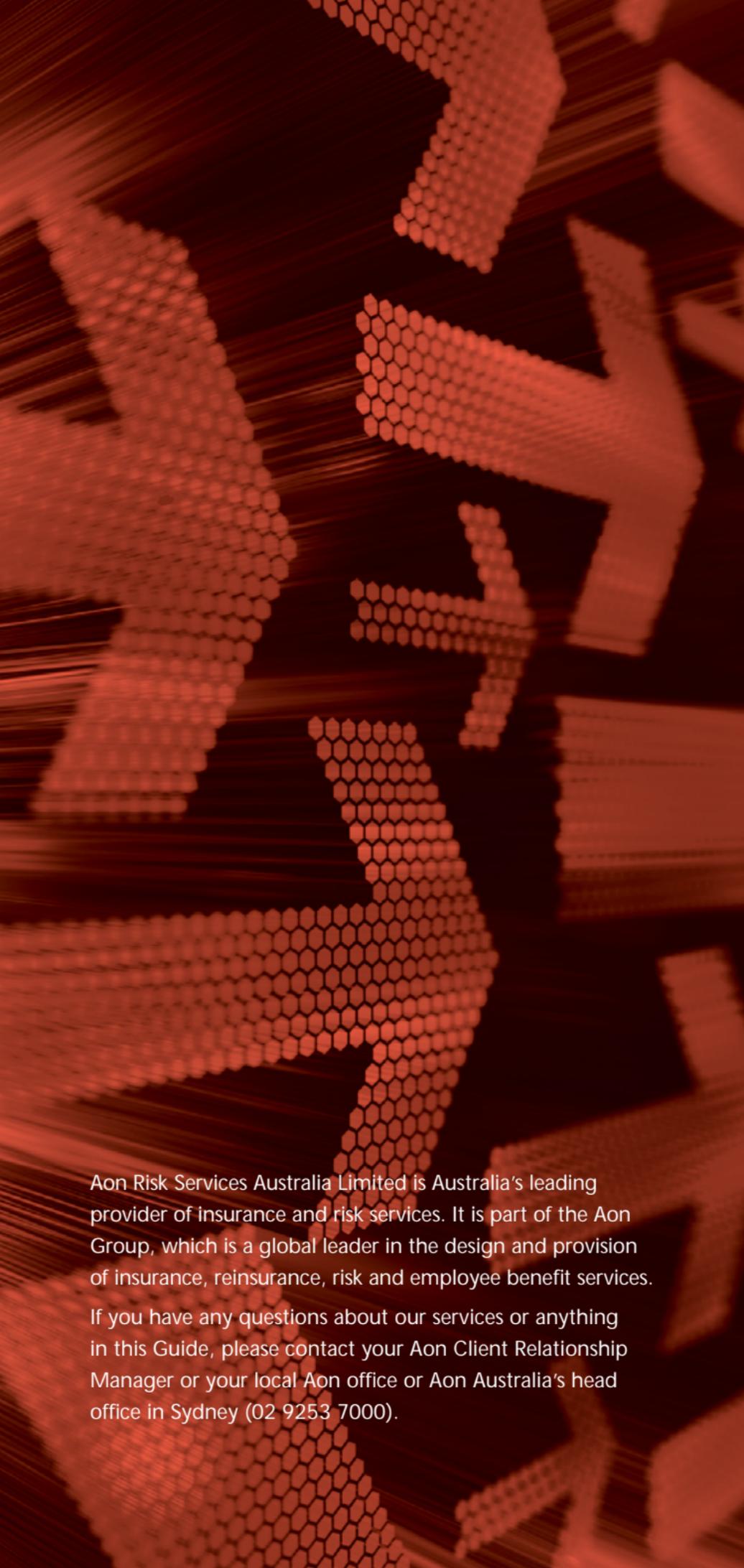
## Service issues and complaints

Please contact your Aon Client Relationship Manager or your local Aon office if you have a concern about our services or any product we have provided.

If you are not satisfied with the resolution of your complaint or the manner in which it has been handled, please contact Aon's Complaints Manager who will attempt to resolve it in accordance with our Complaints Procedures. You may obtain a copy of these procedures from Aon's Complaints Manager.

Complaints Manager  
Aon Risk Services Australia Limited  
Level 33, 201 Kent Street  
Sydney NSW 2000  
Telephone: 02 9253 7000  
Email: [feedback@aon.com.au](mailto:feedback@aon.com.au)

Aon is also a member of an external dispute resolution body approved by ASIC, the Financial Ombudsman Service ("FOS"). If you are not satisfied with the outcome determined by Aon, you may refer your complaint to the Insurance Broking Division of FOS. Alternatively, if your concern is with the Insurer, you may contact the General Insurance Division of FOS. FOS can be contacted by calling 1300 780 808 or by email at [info@fos.org.au](mailto:info@fos.org.au). Further information regarding FOS can also be found at [www.fos.org.au](http://www.fos.org.au).



Aon Risk Services Australia Limited is Australia's leading provider of insurance and risk services. It is part of the Aon Group, which is a global leader in the design and provision of insurance, reinsurance, risk and employee benefit services.

If you have any questions about our services or anything in this Guide, please contact your Aon Client Relationship Manager or your local Aon office or Aon Australia's head office in Sydney (02 9253 7000).

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**[aon.com.au](http://aon.com.au)**

Aon is a leading provider of risk management services, insurance and reinsurance broking, financial planning and employee benefit and risk solutions. Aon professionals meet the diverse and varied needs of our clients through our industry knowledge, technical expertise and global resources.

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