

# Financial Services Guide

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Aon Risk Services  
Australia Limited

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**AON**  
Empower Results®



# Financial Services Guide

This Financial Services Guide (FSG) explains:

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

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

## Introduction

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

Our 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.

If you are buying a Retail Product (as defined in the Corporations Act 2001), 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 in making an informed decision about whether or not to buy it.

If we give you personal advice about a Retail Product, which takes into account your individual objectives, financial situations or needs, 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 which may have influenced the advice provided.

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 instructions 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 and life risk insurance products, as well as any products issued by a registered life insurance company that are backed by one or more of its statutory funds.

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

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

We will endeavour to arrange insurance that meets your risks and needs. However, as it is you who best understands your risks and needs you should always consider the appropriateness of any advice we provide or any insurance we recommend to you before acting on our recommendations. We also rely on you for the accuracy and completeness of information you provide to us.

Your policy documents (including policies and endorsements) contain the terms of your cover, including the applicable limits, sub-limits and deductibles and your obligations. You must read these documents carefully to ensure that the cover suits your needs and so you understand and comply with your obligations under your policy(s). Failure to do so may result in uninsured losses.

Finally, please note that we cannot guarantee the availability of insurance for your particular risks or 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 one of Australia's leading insurance brokers, 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. 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.

## Who do we act for?

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 may use "Authorised Representatives" or "Distributors".

"Authorised Representatives" are third parties who we have authorised to provide financial services on our behalf. When you are dealing with one of our Authorised Representatives in relation to a 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. The Authorised Representative Profile forms part of the FSG.

“Distributors” are other third parties who we have authorised to deal in specific insurance products on our behalf. They can only provide factual information and 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% and 38% 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.

## Our remuneration

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

- A commission paid to us by the insurer;
- A fee which will be agreed with you beforehand; or
- A combination of commission and fee.

A commission paid to us by an insurer is standard for insurance brokers and our rates of commission typically range from 5% to 35% of the premium (before taxes and statutory charges) depending on the type of insurance. Different insurers may pay different rates of commission.

In addition, we may also receive the following:

- 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 a Statement of Advice in relation to a Retail General or Life Risk Insurance Product, we will advise you of the full amount of our remuneration in relation to that Retail General or Life Risk Insurance 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.

A surcharge may apply to all credit card payments. The nominated surcharge will be displayed on your invoice.

We want to be entirely transparent about our remuneration so please ask us if you want more information or have any questions.

## Do we receive any other remuneration for our service?

### **Interest**

The law requires us to pay your premiums (and certain monies 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 to cover the cost of providing these transactional services. Our standard credit terms for premium payments are 14 days from the date of our invoice unless our agreement with you or our tax invoice to you specifies another date. We pay insurers within the period dictated by the law or earlier if the insurer requires.

### **Insurers**

We or another Aon Group company may sometimes receive additional remuneration from insurers through profit commissions on certain products. Because the amount of the contingent commission earned may vary depending on factors relating to performance of a particular portfolio over an entire insurance period, the amount of contingent commission attributable to any given policy will typically not be known at the time of placement. We will not recommend a product to you unless it is suitable for your needs. If we receive contingent commission on a product we recommend to you, we will advise you at the time of recommendation.

### **Non-monetary benefits**

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.

### **Premium Funding**

We may offer to arrange premium funding to help spread the cost of your insurance premiums over the year. Please note that Aon offers and arranges premium funding as agent for the premium funder and not as your credit provider or finance

broker. Aon may also act as the premium funder's agent in cancelling any insurance where you have failed to meet your repayment obligations. The details of your premium funding arrangement will be set out in your separate agreement with the premium funder. We have a profit share arrangement with the premium funder where we receive a percentage of the profit they make from the funding we arrange for our clients. We may also receive a separate commission which is a percentage of the amount of funding provided to you.

Should your funded insurance policy be cancelled mid-term, for any reason, you should be aware that there may be a shortfall between the balance of the amount payable under the premium funding contract and the return premium as:

- the premium funder may be entitled to charge interest for up to the full term of the loan period under the terms of the funding contract;
- there will be no pro rata refund of our commission or fee as our remuneration is fully earned when we issue you with a tax invoice, unless we have a written agreement with you to the contrary; and
- in some cases, insurers may apply minimum premiums to policies.

## **Aon Group**

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 as described below. However, these are kept separate and distinct from the services that we provide to you so that they do not influence us in our recommendations and advice to you. The following are more frequent examples.

## **Reinsurance Broking**

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 Product Design and Development**

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 licence fee is calculated in a range between 2% and 7.5% of premium (excluding statutory charges and taxes) applying to the transaction. We will advise you where we intend to use an Aon Product as part of your insurance placement prior to arranging your insurance.

## **Aon Underwriting Agencies**

Aon Group companies, including One Underwriting Pty Ltd may also act as a managing general agent (MGA) or underwriting agent on behalf of an insurer with underwriting authority to bind the insurer and/or administer claims. The Aon Group MGA or underwriting agency is remunerated for the work undertaken for the insurer and this may include profit or contingent commission. We will advise you where an Aon Group MGA or underwriting agency is used for your insurance placement or claim settlement.

## **Wholesale Broking and International Markets**

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 Client Relationship Manager will provide you with details of this commission prior to arranging your insurance.

Sometimes we may need to access international insurance markets as a wholesale broker to meet your insurance needs. Unless we have agreed otherwise, we use our overseas offices where this is necessary and Aon or another Aon group company may receive and retain commission on the policies they place at standard rates in the overseas market. Your Aon Client Relationship Manager will provide you with details of this commission prior to arranging your insurance.

### **Lloyds & London Market Aon Carrier Charges**

Many insurers in the London market outsource specific administrative services to the Aon Group, which reduces their work and costs. In return, the Aon Group is paid fees known as Aon Carrier Charges which are typically in a range between 2.5% – 6% of premiums applying to a transaction.

### **Consulting Services to insurers and reinsurers**

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

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

## **Conflicts of interest**

Conflicts of interest may arise in circumstances where some or all of your interests as our client are, or may be, inconsistent with some or all of our interests.

We have a conflicts of interest policy and procedure, including training and monitoring, to ensure we are aware of and manage any conflicts of interest. Our company, staff and our representatives must comply with this policy and procedure.

Where a conflict is unavoidable, we will consult with you and manage the conflict in such a way as to avoid prejudice to any party.

## Relationships and Associations

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 or an agreed referral fee 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 or an agreed referral fee to these referrers in recognition of this introduction.

## Other important information

### **Professional Indemnity Insurance**

In accordance with the requirements of the Corporations Act 2001, 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.

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 or 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 many financial services and products we and our group of companies are involved in (including those outlined in this FSG). Further information about our privacy practices can be found in our Privacy Policy that can be viewed on the Aon website at [www.aon.com.au](http://www.aon.com.au) or alternatively, a copy can be sent to you on request. Please contact your local Aon office or visit our website at [www.aon.com.au](http://www.aon.com.au) if you 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 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. Aon may use or disclose information about its clients, if it is required to do so by foreign or Australian law, Aon policy, pursuant to legal process or in response to a request from foreign or Australian law enforcement authorities or other government officials. In addition to being used for the benefit of Aon's clients, these databases also may be accessed by other Aon affiliates 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 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 Australia 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 does not form part of any retainer we have with you and your rights relating to any breach of the Code by us are limited to remedies available under the Code.

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

## **Service issues and complaints**

We are committed to providing quality services to our clients. This commitment extends to giving you easy access to people and processes that can resolve a service issue or complaint.

If you have a complaint about the service we have provided to you, please address your enquiry or complaint to the staff member providing the service, or phone 1300 659 266 during normal office hours.

If we are not able to resolve the issue immediately, or within five days, we will refer it to the Complaints Officer, who will review the complaint and advise you in writing of the expected time for resolution.

You can also refer your enquiry or complaint to the Complaints Officer at any time by email to [feedback@aon.com.au](mailto:feedback@aon.com.au).

More complex complaints may take 45 days to resolve. We may request an extension of time for up to another 45 days if we cannot resolve the complaint within this period.

If you are not satisfied with our response or proposed resolution, you may refer your complaint to the Financial Ombudsman Service (FOS). FOS provides a conciliation and arbitration service to assist consumers in the resolution of complaints. FOS services are free to complainants. FOS deals with all complaints in accordance with the FOS Rules. You can obtain a copy of these from FOS or from the website at [www.fos.org.au](http://www.fos.org.au).

You can contact FOS on 1800 367287.

Aon Risk Services Australia Limited is a 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 FSG, please contact your Aon Client Relationship Manager or your local Aon office or Aon Australia's head office in Sydney 02 9253 7000.

**Aon Risk Services Australia Limited**

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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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