



# A focus on MINING

**Aon**  
Empower Results®



# A testimonial to our value

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*Our 30 year partnership with Aon is integral to the success of our risk management process. Aon has advised us through several major acquisitions and offers innovative solutions to address the risks our multi-national mining business presents.*

*Aon has provided valued guidance in presenting and resolving several challenging claims through the years. In support of an improved claim handling experience, Aon streamlined our global placement by reducing the number of participants on the program and limiting the claims agreement parties to our long standing quota share underwriters.*

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**Carrie Robinson, Freeport-McMoRan Inc**







# Expand your opportunities and minimise risk

Across all geographies, mining companies are enjoying a resurgence in commodity prices on the back of tightening supply and strengthening demand. This environment has led to some marginal mines coming out of care and maintenance and the revival of a series of mining infrastructure plans and feasibility studies for greenfield developments together with some substantial upgrades to existing operations.

The complexity and demands put on mining operations therefore means that their insurance and risk management programs need to be exceptionally effective to reduce the cost of risk and help satisfy a variety of regulatory requirements.

Aon's Mining Team supports organisations in Australia and around the world, helping them optimise risk-taking and risk management activities. We have significant project development, exploration and operational site expertise, which we combine with a desire to understand the complexities of our clients' activities.

## Managing the complexity

We guide clients through the process of creating insurance programs that are closely aligned to their company's risk tolerance which evolves as a project moves from exploration, to design and into the operational phases. Our experience in mining risk profiling, valuations, insurance broking, loss control engineering, project risk management, workers' compensation consultancy and claims means that we help clients around the world turn risk into opportunity.

## A unique approach to risk

Purchasing insurance coverage is the last stage in the risk management process. A critical focus on risk analysis, identification, quantification and mitigation can have a significant influence on purchasing cost effective insurance coverage. To ensure all risks are identified, our mining specialists partner with our clients and address their risk issues at their sites. We believe that a thorough stakeholder-driven risk analysis delivers a more attractive project, often at a lower cost and with enhanced sustainability for the lifecycle of a mine.

# Top 10 risk concerns

We take the time to develop an intimate understanding of your business and all of your unique risk exposures. This means, while we will design and implement a risk management and insurance program that provides optimal protection against insurable risks, we will also consider all risks that could potentially impact upon your business.

Our research has revealed the top 10 risk concerns\* for miners, and our careful consideration of all will ensure a comprehensive approach to your risk profile.

## Top Ten Risks



Commodity price risk



Regulatory & legislative changes



Political Risk /  
Uncertainties



Economic slowdown /  
slow recovery



Business Interruption



Environmental Risk



Cyber crime / hacking  
/ viruses / malicious  
codes



Damage to reputation  
/ brand



Major project failure

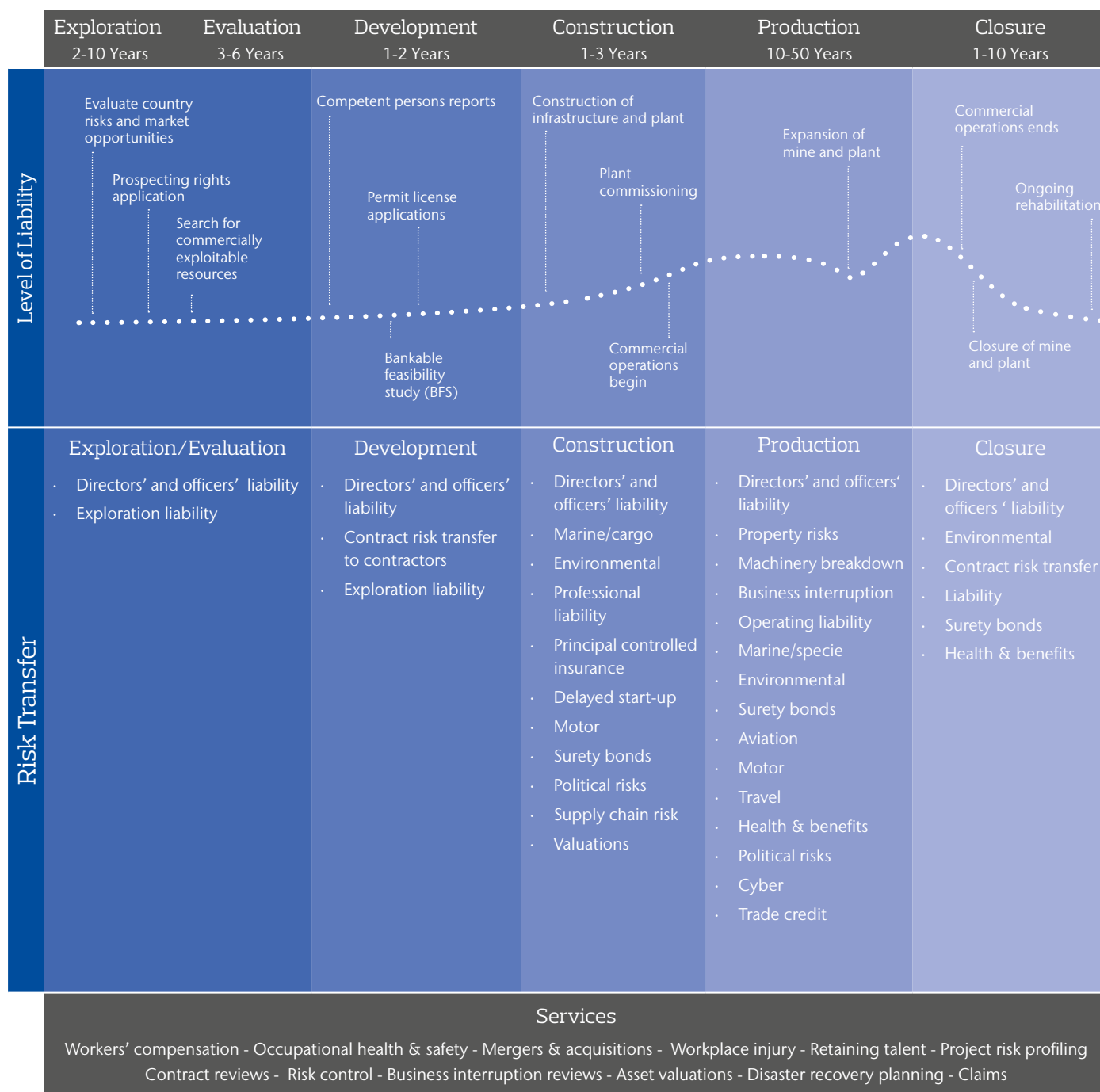


Increasing competition

\*Source: Aon Global Risk Management Survey, 2017.

# Risk management across the typical mine lifecycle

While we understand that every mining operation is different; and with different operations come a new set of challenges and risks; to demonstrate the breadth of Aon's capability, below we display how we can support a mining operation at every stage of the lifecycle.



# We champion mining provider needs

Aon has a genuine focus on mining as a key industry sector and as such our team is committed to championing the needs of mining operators in order to deliver real and distinct client value. We deliver this client value by providing the following four benefits.

## Advocacy

Aon has the market leverage to ensure the most effective protection of your business, your assets and your people. We offer market-leading client advocacy ensuring our mining clients receive innovative insurance programs and efficient placement processes.

## Fit-for-purpose insurance programs

Insurance is not a one size fits all approach. To ensure a tailored program design, and achieve the best coverage and price outcomes, we partner with our clients to address their specific organisation's risks and needs.

## Efficient claims management

Within Aon's Mining Team, we have a group of dedicated claims advocacy members, who are focused on managing the specific complexities of mining related claims. Should the worst happen, our mining claims experts will be your first response, acting on your behalf to ensure an efficient and accurate claims settlement.

## Access to robust benchmarking data

Our job is to help you make informed decisions. By using our unrivalled access to data on risk placements across Australia and the globe, we can help:

- Negotiate with insurers to achieve coverage and price enhancements
- Benchmark your risk against others to identify where you may be over insured/under insured or if any gaps exist in your risk portfolio
- Analyse the claims experience of existing clients with various underwriters to ensure you are best placed should the worst occur.



# Mining insurance market trends and outlook

## Current mining insurance landscape

Insurance market trends	Trend explained	What this means for you
Commodity price fluctuations and changing basis of Business Interruption (BI) declaration	There are two basis of BI declaration; standing charges and full gross profit. During times of low commodity prices, we saw standing charges basis favoured. As commodity prices recover, full gross profit basis will provide more suitable cover	Given increasing commodity prices, resulting in higher profits, Aon can help you with your organisation's BI calculation, balancing your exposure to commodity price fluctuations and coverage for profit with the correct indemnity period
Stable underwriting capacity with some announcements of withdrawal of Property and Construction capacity for thermal coal as ethical underwriting continues to grow	A number of traditional mining insurers have announced their intention to withdraw insurance capacity from thermal coal whereas others see this as an opportunity to increase their participation in both above ground and below ground positions. Plus, new entrants into the global market have further boosted capacity	Some mining companies, particularly those in the thermal coal sector, may have to review their long term relationships with existing insurers and develop strategies to bring new markets onto programs
Upward pressure on rates and premiums	Due to the high level of natural catastrophe claims activity in the second half of 2017, coupled with over four years of continual rate reductions, insurers in this sector are quoting higher rates to test where the market is	Miners should ensure their risk management practices are well defined and risk recommendations are acted upon. More detailed and technical underwriting information is required and the renewal process is taking longer

## Future mining insurance landscape

Future insurance market conditions	Trend explained	What this means for you
Insurance rate increases are expected to slow and level out, however the increasing trend may continue in the event of major mining losses	Insurers will continue to compete for an increasing mining premium pool as rates and Business Interruption values increase. This will have the effect of keeping rate increases in check, however, rates for pure thermal coal risks may come under pressure from 2020 as capacity withdraws from the market	With rates, declared values and therefore premiums increasing, miners should discuss ways to minimise the impact of increased insurance cost e.g. increased deductibles/ self-insured retentions as commodity prices, and therefore profit, increases. Thermal coal miners should be discussing options to identify new capacity in the short to medium term

Ensure you receive a favourable renewal result: tips to keep in mind

1. Recent engineering survey report which describes the risk and provides risk recommendations
2. Company's response to the risk recommendations
3. Detailed description of the mining operation including layout of site(s) – including rail lines and ports if relevant
4. Detailed engineering information on tailings dams – operation, past inspection and maintenance reports, timeline of future wall lifts
5. Water management surveys/ reports particularly if risk is exposed to potential flooding
6. Detailed breakdown of the Property Damage (PD) and Business Interruption (BI) values including how the BI figure was arrived at
7. At least five year claims experience
8. Detail of cover that is required – slip and policy wording

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# Other value added solutions for the mining sector

At Aon we offer a range of value added solutions to the mining industry across our core capabilities.



## Risk

Aon can support you across the entire risk spectrum - from risk identification, quantification, mitigation and transfer through to claims advocacy and support. As your trusted risk advisor we provide solutions that are bespoke to your business objectives and unique risk profile. As new risks continue to emerge at an accelerating rate and existing risks continue to evolve, our insights on risk trends will help you build a future-proofing risk management structure.

### Spotlight on: Weather Risk

Weather risk is a key concern in the Mining sector. Our dedicated team of 25 analysts can provide weather risk modelling taking historical weather data and overlaying it with your sales record to understand peak revenues and how these could be impacted by adverse weather.

These insights allow us to craft bespoke wordings to manage the impact of a specific peril on mining projects.

In the event of a claim, this means that you do not have to prove the loss as the claim is paid, on an agreed value, when a pre-defined trigger is reached.



## Retirement

Financial risk, market instability and regulatory changes can make it difficult to manage your employees' retirement and long-term benefit programs. Especially those that align with business goals and optimise results for both employers and employees.

Our dedicated consultants and actuaries help ensure that your retirement programs are secure, equitable and sustainable, and can help your organisation design a market leading strategy to enable effective and efficient management of your retirement and long-term benefit plans.

### Spotlight on: Accounting for Long Service Leave

Accrued leave and long service leave are statutory entitlements in Australia and can differ by industry and by State legislation. Based on service, employers are obliged to pay out unused leave balances on certain events such as the employee exiting the employer. All employees accrue long service leave which are obligations on the employer so have to be accounted for in the employer's financial statements.

Aon assists employers to optimise their accounting for long service leave in their financial statements. By using an actuarially calculated discounted approach, annual costs and also the balance sheet obligation can be significantly reduced. This method takes into account that the leave payments are not paid out at the accounting date, but are instead paid in the future, and hence these future payments are actuarially discounted back to the accounting date. This allows for lower accounting impact compared to an undiscounted (book value) or partially discounted approach. This method avoids overstatement and provides a best-estimate of these costs, taking into account the employer's expected rates of future incidences of leaving service, which may differ by age, service, grade.





## Health

We understand that your employees are your organisation's most important asset. We also recognise that their health, safety and wellbeing have a direct impact on the health of your business. Aon can not only support you through EBA negotiations, but also provide expert advice to help you navigate the increasing safety legislation landscape, and manage rising health care costs which are driving the need for preventative actions and better benefits.

### Spotlight on: Mental Health

One in five Australians is affected by a mental health illness each year. Studies have revealed that workers in the mining industry experience one of the highest rates of mental health conditions in Australia with almost one in four workers experiencing a mental health condition<sup>1</sup>. Identification and early intervention are key to supporting employees who are not coping in the workplace – it means assisting an employee before a symptom develops into an injury. Once a mental health issue has passed the threshold of the clinical horizon, the employee will require treatment rather than intervention.

Aon's Mental Health First Aid training program provides attendees with the knowledge and skills to be prepared for the early identification, prevention and support required for employees experiencing mental health conditions.

<sup>1</sup> Source: [www.headsup.org.au](http://www.headsup.org.au)



## Talent

Along with the failure to attract and retain talent, safety is a key risk for the mining industry. Using psychometric assessments, Aon can help organisations evaluate safety and counter-productive behaviour that takes into account the individual's specific situations. In addition, our strategic human capital consulting expertise, tools, insights and benchmarking data across the areas of talent, reward and performance can help you monitor, manage and mitigate these risks.

### Spotlight on: Employee Engagement

Employee engagement is a highly predictive contributor to a range of performance outcomes, including financial performance, customer outcomes and of course, employee performance and retention. In an industry so heavily reliant on sub-contractors, cultivating a highly engaged workforce and putting metrics in place, can be challenging. We partner with you to use technology, analytics and insights to understand engagement across your entire employee base to help you work towards your strategic goals such as creating a culture of high performance and safety. Aon is one of the few organisations in the world who can partner with you in this regard.

Our renowned local and global Aon Best Employers research enables us to speak with confidence on the distinctive practices of organisations that excel through having a highly engaged and productive workforce.



# Empowering clients through data & analytics

## Global Risk Insight Platform Risk View

Our award winning Risk View platform is the largest repository of insurance data globally and delivers powerful insights to our clients through tailored dashboards.

Our proven methodology helps clients benchmark against their peers and develop programs to improve coverage while containing costs. Realtime benchmarking provides the most current information on industry rates, prices, coverages, retentions, limits of liability and additional factors.

Modeling tools allow us to estimate possible losses that could be sustained by projects due to catastrophic events.



**\$80Trillion+**  
of limits in  
Aon's Risk View  
platform

**Over 3 million**  
Aon Carrier  
Performance  
Survey data  
points

**\$1Billion+**  
investment in  
data & analytics

# Thought leaders in mining

As a firm, and as individual professionals, we believe in the power of industry participation and in the importance of staying on top of new trends, issues and regulations.

As part of this focus, we produce a diverse variety of thought leadership materials and quality business resources to help keep our clients informed on the issues that matter the most.



## ADVANCED RISK CONFERENCE

Board member at:  
**MINING INSURANCE  
GROUP**



## GLOBAL RISK MANAGEMENT REPORT

**EFFECTIVE INSURANCE CAN  
MINIMISE RISK IN MINING  
CONSTRUCTION PROJECTS**



## MCDONALD GOLD & GENERAL MINING INDUSTRIES Remuneration Report (Australasia)



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# Our mining credentials

Our strength lies in our relationships with our clients and key industry partners.

Our team has significant experience working closely with over 150 clients, in Australia and globally, helping them to achieve innovative risk and people solutions.

A snapshot of the mining clients we are currently providing a range of risk, retirement and health solutions to is included below.

## Australian mining clients

- BHP
- Cape Flattery Silica Mines
- Castlemaine Goldfields
- CITIC Pacific
- Consolidated Minerals
- First Quantum Minerals
- Fitzroy Resources
- Grange Resources
- Idemitsu Australia Resources
- Karara Mining
- Lynas
- MMG
- Nautilus Minerals
- Ok Tedi Mining
- PanAust
- South 32
- St Barbara
- Wollongong Coal
- Yancoal

## Global mining clients

- Alamos Gold
- Alpha Natural Resources
- Anglo American
- Atlantic Gold
- Aura Minerals
- Contura Energy
- Copper Mountain Mining
- Drummond Coal
- Eldorado Gold
- Freeport McMoRan
- Hydro (Brazil)
- IAMGOLD
- Integra Resources
- Jaguar Mining
- Kazakhmys
- Lakeshore Gold
- Lucara Diamonds
- Ma'aden Saudi Arabian Mining Group
- Newmont Mining
- Norilsk Nickel
- Peabody Energy Corporation
- Pretium Resources Inc
- Rio Tinto Captive Management
- Teck Resources
- The Mosaic Company
- Vale
- Warrior Met Coal
- Yamana Gold

# A dedicated team – committed to making an impact



**Paul Pryor**  
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Aon's dedicated Mining Team in Australia consists of 37 mining industry specialists, who deliver tailored and innovative broking and risk solutions to the Australian mining industry.

Our Australian team is also supported by the most experienced and recognised insurance program design and placements experts, located in major markets including London, New York, Singapore and Bermuda.

A global placement approach for our clients means they have access to all potential markets, ensuring the best possible insurance coverage matched with the most competitive pricing.

## State contacts

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