

Financial Services Guide

Version 11 - July 2021

Financial Services Guide

This Financial Services Guide (FSG) explains:

- our products and services;
- our remuneration; and
- other important information.

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

Why we are not independent, impartial or unbiased in relation to the provision of personal advice and the impact of this on you

Aon may receive remuneration or other non-monetary benefits from insurers which restricts us from referring to ourselves as independent, impartial or unbiased as it may reasonably be expected to influence the personal advice provided to you and may cause a conflict of interest. Please refer to the Conflicts of Interest section on page 6 as to how we manage Conflicts of Interest and the impact on you.

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 (Cth)), we will, if and when required, also give you a Product Disclosure Statement (PDS). The PDS contains information from the product issuer about 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 (SoA). 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. Please tell us if you think we can improve in any way and do not hesitate to contact us with any questions that you have.

This FSG is also available on our website www.aon.com.au.

How you can instruct us

You can give instructions to us to provide products and services 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;
- arrange alternative risk products including captives and discretionary mutual fund schemes; and
- where needed, assist you to make insurance claims.

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. We design and develop Aon products specifically for these groups 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. Please note that we cannot guarantee the availability of insurance for your particular risks or the solvency of insurers.

In order to arrange your insurance, we rely on you to provide accurate and complete information. We also rely on you to carefully review all documents we give you (including policies and endorsements) containing the terms of your cover (including applicable limits, sub-limits, deductibles and your obligations) to ensure that the cover suits your needs and so that you comply with your obligations under your policies. Failure to do this may result in uninsured losses.

In some circumstances, we may arrange a renewal offer based on your expiring policy information and coverage requirements and where authorised by you, arrange for payment to be deducted from your approved method of payment. As part of the renewal packages we send you, we will remind you of your legal duty of disclosure and request that you review and update your renewal and coverage information as well as any applicable payment preferences, if needed. Please contact us if you do not wish to take up any renewal offer.

Please advise us immediately if you notice any mistakes of fact or believe the contents do not address your needs.

Who do we act for?

As your insurance broker we normally act for you in providing our insurance services. We will tell you before or at the time of purchase 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. Distributors can only provide factual information and are not authorised to provide any advice.

Our Authorised Representatives and Distributors are not employees of Aon 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 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 employees receive an annual salary which may include a bonus based on performance. They may also from time to time be eligible to receive incentives or bonuses based on service, retention and increasing new business.

Aon Risk & Asset Management Pty Ltd ACN 629 413 314 (ARAM) – as Trustee of Aon Discretionary Mutual Fund Schemes

Aon Risk & Asset Management Pty Ltd (ARAM) is an Authorised Representative of Aon and is authorised under Australian Financial Services Licence No 241141 to provide certain financial services in relation to miscellaneous financial risk products in the nature of discretionary mutual fund (DMF) schemes.

Aon may provide you with financial product advice relating to a DMF scheme. Where this is done, Aon will recommend that you read the relevant PDS issued by ARAM to ensure the advice suits your needs.

Aon may also provide advice and dealing services to ARAM as the product issuer and trustee of the DMF scheme in relation to excess of loss insurance cover under the scheme.

As issuer of a DMF scheme, ARAM will charge you a contribution to become a member of the scheme.

This contribution may include: provision for claims against the scheme, claims management fees, insurance premium and taxes, broking fees (where applicable), risk management service fees, and other items as detailed in the applicable scheme Trust Deed and Scheme Rules.

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, 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 SoA 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; and

- we may charge an additional administration fee for any change to the policy that requires us to produce a further statement or invoice or a certificate of currency. We may deduct and retain this fee from any premium refund due to you from the insurer, 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. However, where you cancel your insurance policy under a statutory cooling-off entitlement, we will refund to you any part of our remuneration already paid to us for that policy at the date of cancellation. 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 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 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.

Premium Funding

We may offer to arrange premium funding to help spread the cost of your insurance premiums over the year. When Aon arranges premium funding, we act as agent for the premium funder for the purposes of facilitating your initial loan application, 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. Additionally, Aon may act as your agent to apply for and accept subsequent funding in respect of your loan facility for future purposes, for instance to fund endorsements, modifications and renewals of your insurances, unless otherwise instructed by you.

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 and retain 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 from acting in conflict with your interests. 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 (Aon Products). 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. Your invoice will identify Aon Products as well as policies placed using these quoting and placement platforms.

Third Party Administrators

We or another Aon Group company may provide services to a third party administrator (TPA), who in turn provides services to Aon, which typically include general policy administration and claims handling services, on behalf of one or more underwriters. The Aon Group company engaged by the TPA may receive remuneration from the TPA for the services it provides to the TPA.

Profit Share Arrangements

We or another Aon Group company may sometimes receive additional remuneration from insurers, their agents (such as third-party administrators) and other service providers through profit commissions on certain products where they are legally permissible and meet standards and controls to address conflicts of interest. Because the amount of the profit share earned may vary depending on factors relating to performance of a portfolio over a given period, the amount of profit commission attributable to any particular product 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 a profit share in relation to a product we recommend to you, we will advise you at the time of recommendation.

Binder or Coverholder Authority

Aon Group companies may earn remuneration where they act as an 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 unless it is an appropriate solution for your general 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.

Consulting Services to Insurers and Reinsurers

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

Non-monetary Benefits

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

Wholesale Brokers, MGA's and International Markets

To meet your insurance needs, we may need to access certain insurance markets, including international insurance markets, through a wholesale broker or a Managing General Agent (MGA) who acts on behalf of an insurer. We may use an Aon Group company for this and they may receive commission on the policies they place at standard rates in that particular market. Your Aon Client Relationship Manager will provide you with details of this commission prior to arranging your insurance.

Discretionary Mutual Fund Schemes

ARAM have a relationship with the promoter of each DMF scheme which may involve the provision of sponsorship, financial or other benefits to that promoter including a fee paid for the reimbursement of monies expended in the setting up or assisting in the administration of the scheme.

Lloyd's & 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% and 6% of premiums applying to a transaction.

Investment Portfolio

Companies in the Aon Group hold equity and loan stock in other companies as part of our investment portfolio. These companies may occasionally be utilised in the delivery of the services we provide and sometimes some of these companies may have an interest in Aon. You can view details at <http://www.aon.com/about-aon/corporate-governance/guidelines-policies/market-relationship.jsp>.

We will specifically notify you where we have a material interest in any company involved in the services we provide that is not obviously part of the Aon Group. Should you require further information regarding any of the above forms of indirect remuneration or benefits, please contact your Aon Client Relationship Manager.

What Do We Do With Our Remuneration?

A large part of the remuneration we receive pays the salaries and wages of our staff and the remuneration we may pay to our Authorised Representatives 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 trade or industry associations 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

Duty of Disclosure

Before you enter into a contract of insurance, you have a duty under the Insurance Contracts Act 1984 (Cth) (ICA) to disclose anything that you know, or could reasonably be expected to know, or in the case of consumer contracts (as defined in Part IV of the ICA) (Consumer Contracts) to take all reasonable care to disclose anything that you know, or could reasonably be expected to know, that may affect the insurer's decision to insure you and on what terms. You have that duty after proposal, and up until the time the insurer agrees to insure you. You have the same duty before you renew, extend, vary or reinstate a contract of insurance.

You do not need to tell the insurer anything that:

- reduces the risk that is insured;
- is common knowledge;
- your insurer knows or should know as an insurer; or
- the insurer waives compliance with your duty of disclosure.

If you are uncertain about whether or not a particular matter should be disclosed to the insurer, please contact your Aon Client Manager.

Non-disclosure

If you fail to take reasonable care in disclosing information to us in the case of Consumer Contracts, or do not tell your insurer anything you are required to, the insurer may cancel your contract or reduce the amount that it is required to pay you if you make a claim, or both. If your failure to disclose is fraudulent, the insurer may refuse to pay a claim and treat the contract as if it never existed.

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.

Aon has a conflict of interest policy and procedure, including training and monitoring, to ensure we are aware of and manage any conflict 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.

Professional Indemnity Insurance

In accordance with the requirements of the Corporations Act 2001 (Cth), Aon 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 (Cth) when we collect, use, disclose or handle 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 or alternatively, a copy can be sent to you on request. Please contact your local Aon office or visit our website if you wish to seek access to, or to correct, the personal information we collect or disclose about you.

Use of non-personal data and information

The Aon Group may provide analytics, consulting and other services to its clients based on the non-personal data the Aon Group collects from you, and your related parties, as part of our engagement with you ("Collected Data").

These services may include: (i) providing our clients with customised services and recommendations; (ii) identifying client opportunities; (iii) optimising and improving our products, services and operations; (iv) creating industry reports, conducting benchmarking and undertaking market research; (v) providing and developing analytical solutions; (vi) performing statistical, financial and risk modelling, among other services. Aon Group members may earn compensation for providing such services to their clients, service providers, (re)insurers and other business partners.

If corporate clients receive (re)insurance broking services from us, subject to local law restrictions, Aon Group services provided to (re)insurers and other business partners may involve the disclosure of Collected Data about (i) our corporate clients and (ii) their actual and prospective (re)insurance placements. Such Collected Data may include, but may not be limited to: company names, industry codes, policy types, premium and policy expiration dates as well as information about the providers or potential providers of (re)insurance, claims and other loss related services to our clients. The Aon Group provides such services with a focus on creating distinctive value for clients.

The Aon Group may also disclose Collected Data to its service providers to perform certain analytics and other processing services on Aon's behalf. Such service providers are contractually restricted from using or disclosing Collected Data for any other purposes. Other contractual and operational safeguards are in place with all Aon Group service providers to protect the security of Collected Data. Due to the global nature of services provided by the Aon Group, information that the Aon Group receives may be transmitted, used, stored and otherwise processed outside the country where you submitted the information.

This 'Use of non-personal data and information' clause shall supersede conflicting provisions of any other agreements entered into between us, including but not limited to non-disclosure agreements, to the extent such agreement is inconsistent with this clause.

For the purpose of this clause, 'Aon Group' means the Aon group of entities worldwide, being Aon PLC, Aon's ultimate parent company, and all its subsidiaries, related/associated companies, affiliates as well as joint ventures of such subsidiaries, related/associated companies and affiliates.

Insurance Brokers Code of Practice

Aon 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.

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 02 9253 7000 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 service enquiry or complaint to the Complaints Officer at any time by email to feedback@aon.com.au.

Aon's Complaints Officer will identify actions to remedy the complaint where possible and endeavour to provide you with a decision within 20 business days of the date of notification of your complaint.

If your complaint is complex and may take longer than 20 business days to resolve, we will advise you of the expected timeframe required to address your complaint and will keep you informed of its progress.

If you are dissatisfied with Aon's final response to your complaint, you may be able to refer your complaint to the Australian Financial Complaints Authority (AFCA).

AFCA is an independent external dispute resolution scheme approved by the Australian Securities and Investments Commission (ASIC) and its services are free to you. We are a member of this scheme and we agree to be bound by its determinations about a dispute.

Please note that before AFCA can investigate your complaint, they do require you to have first provided us with the opportunity to address the complaint.

Further details regarding AFCA can be obtained from their website (www.afca.org.au), or alternatively you can contact AFCA as follows:

Phone: 1800 931 678 (free call)

Email: info@afca.org.au

Mail: Australian Financial Complaints Authority GPO Box 3, Melbourne VIC 3001

Complaints Relating to a Lloyd's Policy

Complaints that involve a policy bound by a Lloyd's market are subject to the requirements of the General Insurance Code of Practice.

Please refer your complaint to the Aon Complaints Officer using the contact details above.

We will acknowledge receipt of your complaint and do our utmost to resolve the complaint to your satisfaction within 10 business days.

If we cannot resolve your complaint to your satisfaction, we will escalate your matter to Lloyd's Australia who will determine whether it will be reviewed by their office or the Lloyd's UK Complaints team. Lloyd's contact details are:

Lloyd's Australia Limited

Email: ldraustralia@lloyds.com

Telephone: (02) 8298 0783

Post: Suite 1603 Level 16, 1 Macquarie Place, Sydney NSW 2000

A final decision will be provided to you within 30 calendar days of the date on which you first made the complaint unless certain exceptions apply.

You may refer your complaint to AFCA (using the AFCA contact details above), if your complaint is not resolved to your satisfaction within 30 calendar days of the date on which you first made the complaint or at any time.

Your complaint must be referred to AFCA within two years of the final decision, unless AFCA considers special circumstances apply. If your complaint is not eligible for consideration by AFCA, you may be referred to the Financial Ombudsman Service (UK) or you can seek independent legal advice. You can also access any other external dispute resolution or other options that may be available to you.

For full details of this process, please refer to the Lloyd's Complaint Handling Guidelines which can be found on Lloyd's website at www.lloyds.com.

About us

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
ABN 17 000 434 720 AFSL No. 241141

Level 33 Aon Tower
201 Kent Street
Sydney NSW 2000

Phone 02 9253 7000
or toll free 1300 659 266

aon.com.au

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Aon is a leading provider of risk management services, insurance and reinsurance broking, 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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