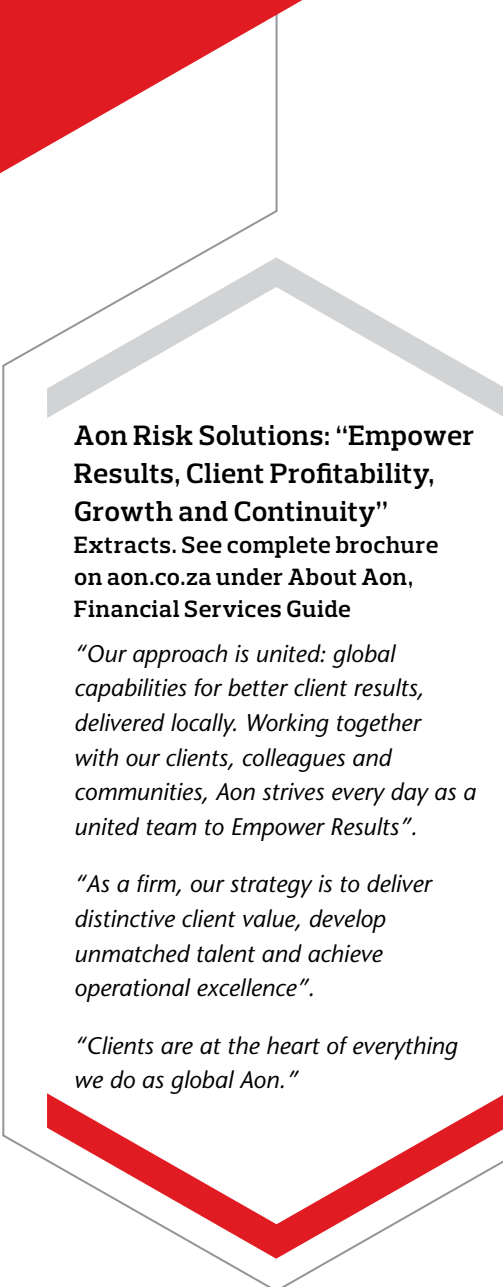


# **Aon Risk Solutions Financial Services Guide**



**Aon Risk Solutions: “Empower Results, Client Profitability, Growth and Continuity”**

**Extracts. See complete brochure on [aon.co.za](http://aon.co.za) under About Aon, Financial Services Guide**

*“Our approach is united: global capabilities for better client results, delivered locally. Working together with our clients, colleagues and communities, Aon strives every day as a united team to Empower Results”.*

*“As a firm, our strategy is to deliver distinctive client value, develop unmatched talent and achieve operational excellence”.*

*“Clients are at the heart of everything we do as global Aon.”*

## Welcome to Aon<sup>1</sup>

Aon Risk Solutions (Aon), a division of Aon South Africa<sup>2</sup> is part of *Aon plc*, a leading global professional services firm providing a broad range of risk, retirement and health solutions.

We first brought our international experience and resources to South Africa in 1996 and Aon is now a leading provider of short-term insurance solutions in the country. We achieved this not only through significant organic growth, but also through a number of strategic acquisitions of local insurance broking companies with excellent track records and long-standing client partnerships. We regard this strategy and the solutions we offer as providing the “best of both” for our clients, matching expert local knowledge with deep international experience.

Today, Aon provides seamless, tailor-made insurance and risk solutions to in the region of a third of the top 200 South African public companies, thousands of privately owned businesses and tens of thousands of private individuals. Our decades of local and international experience, local alliances, global links and buying power in the market remain unmatched by our competitors.

Our experience goes beyond providing skilled advice and innovative solutions to ensure a world class offering for you, defined by personalised guidance and support through a committed partnership approach.

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1 Means “Oneness” in Gaelic. One with our Clients, our Markets, our People and the Communities in which we operate.

2 Aon Risk Solutions South Africa is a division of Aon South Africa (Pty) Limited, specialising in providing Short-term insurance advice and solutions to individuals and organisations.

## **Aon Financial Services Guide**

Our business ranges from helping individuals manage their personal risks, through to assisting some of the world's largest organisations to understand and manage risk on a global scale. This Financial Services Guide (FSG) is designed to provide a broad overview of information, some of which may not be relevant to you due to the wide scope of our offerings. For specific details of your unique solution, please refer to the terms of business provided to you by your service team.

This FSG explains:

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

Please take the time to carefully read this FSG and keep it with your policy and other documents received from Aon, particularly those set out in the final section of this guide. This FSG is also available on our website [www.aon.co.za](http://www.aon.co.za) which should always be referred to for the latest version. If you need a printed copy please contact your Aon client relationship manager.

## Introduction

We aim to provide you with short-term insurance and risk management solutions that protect what's important to you and/or your business.

To help us achieve this, it's important that you understand what we do as your insurance broker and risk advisor.

Our FSG contains information about the products and services we offer. It also explains how we may be remunerated and contains details of our management of conflicts of interest and our complaints handling procedures.

In addition to the information contained in this FSG, if you are buying a financial product as defined in the Financial Advisory and Intermediary Services Act, 2002 (FAIS), such as a short-term insurance policy, we will give you a *Disclosure Notice* setting out information about Aon, our representatives, the product provider (insurer), how to report a claim against the product and details of how to lodge a complaint on our internal complaints system and/or with the FAIS Ombudsman or the Ombudsman for short-term insurance.

At the time of quoting we will also provide written information about the financial product you have purchased and our remuneration.

If we provide you with advice about a financial product, which will take into account your individual objectives, financial situation and needs, and this advice leads to our arranging a financial product on your behalf,

we will also give you a written *Record of Advice*. This contains a brief summary of the information and material upon which our advice was based, the product or products considered and recommended with an explanation of why the recommended product was selected.

We provide this information in order for you to make a fully informed decision about whether or not to purchase the financial product we have recommended. The information contained in these documents will also enable you to ensure the product or service continues to meet your needs and expectations. It will also provide details of how to lodge a claim against the product and/or a complaint against your product provider in respect of the product or against Aon in respect of our advice or service.

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

## Our products and services

As your insurance broker we are licensed to deal in and provide advice in relation to short-term insurance products. Under our licence, amongst other things, we are able to:

- Provide you with advice and recommendations on your insurance needs as well as information about your insurance products;
- Collect information that insurers require from you;
- Arrange insurance products to help you protect against insurable risks;
- Collect premium from you on behalf of insurers, and
- Where needed, assist you to make and monitor settlement of insurance claims.

We will always aim to arrange insurance that meets your specific 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.

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, no matter how cheap the premium.

Because our clients and the risks they face vary in size and complexity, we are committed to serving each client in the way best suited to their specific needs. This ranges from entirely bespoke consultation, insurance design and placement, to highly efficient standardised solutions designed around the needs of defined groups of clients.

As one of South Africa's leading insurance brokers, we have many clients in similar businesses and situations with similar risks and needs. This enables us to gather deep insights in selected areas which together with similar insights from Aon Group operations in other countries around the world<sup>3</sup> assist us in designing and developing insurance products specifically for these groups. We refer to these as *Aon Products*, offering clients cost effective and efficient access to the industry's most innovative solutions provided by leading insurers who are committed to providing exemplary service.

Where we believe it best meets your risks and needs, we will only recommend an Aon Product. Where we don't have an Aon Product suitable to your risks and needs we will, by agreement with you, seek quotes from appropriate insurers and help you identify an alternative insurance product.

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<sup>3</sup> *Aon group companies globally handle short-term insurance placements for clients to an annual premium value in the region of 10 times the value of the total premium handled by all South African insurers together. From this Aon gains deep insights into client needs and optimum insurance solutions and of insurer preferences, expertise and capacities. This vast repository of global risk information is drawn on in the development of Aon Products for use in South Africa, with due regard and aligned to the local insurance environment and legislation*



## Who do we act for?

In establishing your risk profile, analysing your insurance and risk management needs and providing professional advice and recommendations and in many other facets of our service *we act as your consultant*.

### **These other services include:**

- tailoring standard insurer products to better meet your needs, whether individually or by way of an Aon Product;
- advising on uninsured and un-insurable risks;
- collating your risk information and previous claims for presentation to insurers;
- guidance on establishing sums insured and any self-insured limits (excesses);
- risk advice and mechanisms to identify and manage your risks; and
- Total Cost of Risk estimations for our clients with multiple risk types or locations.

### **They also include:**

- enhanced claims notification and claims management capabilities;
- emergency and after-hours services; and
- guidance in the formulation of claims.

In the unfortunate situation where you may have been prejudiced through an insurer's unfair repudiation or settlement we will:

- assist you in pursuing a complaint against the Insurer, and
- in any escalation to the Ombudsman for Short-term Insurance.
- It's more than being a broker – it's *Aon Advocacy*

When we identify an insurance product that best suits your needs *we act as an independent intermediary* between you and your insurer in the sale and support of your short-term insurance policy. In particular we will provide you with a reasonable and appropriate general explanation of the nature and material terms of the policy and other related information and disclosures as required under FAIS. We will intermediate between you and your insurer in respect of the operation of the policy and any claims you may have under the policy during and after the period of cover.

In providing certain parts of our overall activity in relation to your insurance product *we may act as a service provider to the insurer*. For example, an insurer may give us 'binding authority' to arrange or enter into insurance products on their behalf. We could also agree to administer policies or settle or administer claims on an insurer's behalf.

We will inform you of any such relationships and the remuneration we earn in respect of any product we recommend to you.

## **Our team**

We provide our services to you through employees who are registered as representatives of Aon in terms of the FAIS Act (where they are involved in providing any recommendation, guidance or proposal of a financial nature in respect of the purchase of any financial product such as a short term insurance policy).

Our representatives are required to show you their certificate of representation. Should any representative be working under supervision, this will be disclosed on the certificate.

Client excellence is one of our global strategic pillars. Each of our clients has unique needs, so it makes sense that our professionals – coordinated by Aon client relationship managers – have specialised by product line, function and client niche or industry expertise in order to better serve you. By truly listening and adopting a partnership approach with you we can best develop solutions that work seamlessly for your business or personal insurance needs.

We are acutely aware of the skills shortage in the South African insurance industry. In the interests of maintaining sustainability of expertise, professionalism and service excellence we invest significantly in the training and development of our people. Special focus is given to the up-skilling and advancement of our previously disadvantaged colleagues. We also have a Graduate development and learnership programme in an effort to ensure that we continuously bring young talent to our business.

## Our remuneration

Unless we have agreed in writing otherwise, our remuneration for acting as your insurance and risk advisor and as an independent intermediary will comprise the following:

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

The commission paid to us by an insurer is standard for insurance brokers in South Africa in accordance with rates prescribed in the Short-term Insurance Act and typically ranges from up to 12.5% of the premium for a motor policy and up to 20% for any other short-term policy. This commission is paid to us from the premium you pay to your insurers and is in respect of the intermediary services we perform related to the sale and support of the insurer's product.

In addition, we may also receive the following:

- A *broker service fee* for our consulting service set out earlier in this FSG. Where an Aon Product is concluded this fee will include an element to provide for product research and development. Where we collect premium for an insurer, this charge will appear on our Premium Notification document apart from the Premium. Alternatively, where not related to a particular policy or premium, the fee will be invoiced separately. The fee will vary depending on the work involved;

- In some cases you may need specific risk advice or work performed (such as a risk control survey or advice and recommendations on alternative risk financing). We charge a *broker mandated 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 fee by the amount of commission that would normally apply to this type of insurance or agree a specific broker mandated fee with you.

We will always advise you of the full amount of the commission we receive from insurers in respect of your policy and we will show our broker fees separately.

Please note that we treat commission receipts as fully earned when you pay your premium. This includes policy-related broker service fees. Other non policy-based fees and broker mandated fees are invoiced in line with individual agreements.

In the event of any mid-term cancellation of a policy or future downward adjustment of policy values, we are required by law to rebate a portion of any commission earned pro-rata to the unexpired period of the cover. However as most of our service to you is provided at the time of sale, it is our policy and you agree that we may retain our broker service fees in full.

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 services?

### Interest

All policies issued by South African insurers are written on the basis of “no premium, no cover” meaning that cover will only be provided after premium payment to the insurer or an intermediary authorised to collect premium on the insurer’s behalf such as Aon. It is important therefore that you pay your premium to us promptly on receipt of our Premium Notification documents or ensure that there are always sufficient funds in your bank account to meet monthly debit orders in order to protect your cover that could otherwise be jeopardised in the event of a claim.

We are required by law to pay all premiums received from clients on to insurers within 15 days of the end of the month in which received. We are entitled to earn and retain interest on these monies whilst in our bank account.

### Insurer fees

In addition to *advice and consulting services* performed explicitly for clients, and *intermediary services* performed for both clients and insurers we may also enter into policies and settle claims under specific mandates from insurers that usually involve administrative functions normally performed by insurers themselves such as issuing and amending policies, certificates and other documents, electronic policy filing and storage, expiration tracking, and policy and claims administration and data management services in general. For these *insurer outsourced services* we are paid

fees governed by legislation. Whenever such services are performed in relation to any product we have recommended to you, we will disclose the service and fee to you.

These services are most commonly performed in relation to Aon Products mentioned earlier in this FSG. A fundamental principle underlying all Aon Products is that they help us better meet client needs. However in addition to earning fees from insurers for Aon Product management, we also earn commission when placing business through Aon Products. This gives rise to a potential conflict of interest that we manage to ensure that we meet our ethical, legal and license obligations.

Our core management principles governing this potential conflict are:

- we always serve the best interests of our clients, both generally and by ensuring the most appropriate insurance solutions for you;
- where we develop and recommend Aon Products, we ensure that product development and insurer selection and client recommendations follow whatever governance process is most appropriate for each Aon Product;
- we record in writing the advice we provide to you including the rationale for our recommendations; and
- we have a documented conflict of interest policy that is communicated annually to our staff with a clear reporting and escalation process to senior management for any breaches or suspected breaches.

## **Aon Group**

Aon is part of a global 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 in our recommendations and advice to you.

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 reinsurance commission or other remuneration. Aon Group companies may also earn remuneration where they act as a wholesale broker for insurance placed into the London and Lloyds market and any other foreign markets 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.

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.

In recognising this we have developed a conflicts of interest policy and procedure, including training and monitoring, to ensure that we identify and manage any conflicts of interest in a professional and ethical manner. 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 so as to avoid prejudice to any party.

We view our focus on transparency and fair dealing as a key element of the partnership we build with our clients. Naturally, as part of our codes of conduct and business policies we comply with all relevant legislation and regulations regarding disclosure of earnings.

## **What do we do with our remuneration?**

As one of South Africa's leading insurance broking companies, we employ a large and highly skilled staff base. The major part of the remuneration we receive goes towards the salaries and wages of our staff. Our remuneration also funds normal business expenses such as rent, communication and technology costs, travel and professional fees and governance and compliance costs as well as our investment in our internal and external Corporate Social Responsibility programmes mentioned elsewhere in this FSG. It also provides the returns that our shareholders expect.

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

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

## **And what about Transformation and CSI?**

### **Aon South Africa BBBEE Status**

Aon South Africa is fully committed to transformation. We use the DTI guidelines to set our goals and our transformation status is audited annually. A copy of our latest certificate is available on our website or from your Aon client relationship manager on request.

This rating has consistently shown Aon South Africa as one of the most transformed Financial Services organisations in South Africa and we are very proud of this achievement.

Transformation plays a pivotal part of our growth strategy in South Africa, and we are pleased to be engaging with partners who share the same values in terms of business development, community consciousness and social investment.

More details on our BBBEE status and our approach to transformation and transformation partners can be found on our website [www.aon.co.za](http://www.aon.co.za).

## **Corporate Social Responsibility**

### **Empowering Possibility in Our Communities**

Empowering economic and human possibility underscores Aon Plc's long-standing commitment to global citizenship. We believe the core of any corporation's citizenship is how its business contributes to society and to the communities where its employees live and work. Aon Plc's mantra is to give back to those communities in which we do business, and considering Aon plc do business in more than 120 countries, this leaves us a wide scope for charitable work.

Aon South Africa's Corporate Social Investment (CSI) is made through a deliberate, focused, coherent and progressive programme. It is well coordinated and guided by a common policy framework and committee of employees which ensures that CSI is regarded as a strategic business function throughout the business, rather than on an ad-hoc basis. More details on our CSI programme can be found on our website [www.aon.co.za](http://www.aon.co.za).

## **Other important information**

### **Professional Indemnity Insurance**

In accordance with the requirements of the Short-term Insurance and FAIS Acts, Aon maintains Professional Indemnity insurance at levels well in excess of the prescribed minimum.

This insurance cover extends to claims in relation to our conduct as a licensed financial service provider and our employees and representatives both past and present, to compensate clients or their beneficiaries for loss or damage suffered if we provide negligent service or advice.

### **Limitation of Liability**

Aon limits its liability to you to R15 million in the total aggregate in respect of the services we provide. More information on this is included in our Terms and Conditions of Business Agreement (TOBA) that you will find on our website at [www.aon.co.za](http://www.aon.co.za).

### **Value-added Tax (VAT)**

We adopt industry practice in our documentation for and in our application of VAT.

In terms of a SARS ruling, the “time of supply” for insurance is upon payment of the premium by the insured to the insurer or its intermediary. This triggers the period in which insurers and insureds (if VAT vendors) must account for VAT. A Premium Notification document is therefore not a VAT invoice at the time of issue but constitutes a VAT invoice only upon payment in full together with proof of payment.

All amounts referred to in our Premium Notifications and any separate invoices for services rendered, as well all other policy values, unless stated otherwise, are shown inclusive of VAT and the rate at which VAT is charged. We usually also show the amount of VAT included in any VAT inclusive amount.

## **Privacy**

We value the privacy of personal information and are bound by both the Protection of Personal Information Act No 4 of 2013 (POPI) and FAIS when we collect, use, disclose or handle personal information. We collect personal information in order to offer, provide, manage and administer the many financial services and products we and our group of companies are involved in. For more information on our privacy policy please refer to our TOBA.

## **Collection and use of corporate client information**

Aon gathers data containing information about its corporate and commercial 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, including Aon's Global Risk Insight Platform (GRIP), developed to help insurers strengthen their value proposition to clients with a focus on creating distinctive value for clients. 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 (whether as part of Aon's GRIP services or otherwise) 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. Aon may also subcontract incidental and non-core aspects of services, such as IT infrastructure and support. Again for more information please refer to our TOBA. 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 is a member of the Financial Intermediaries Association of Southern Africa and is bound by the association's 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 FIA website [www.fia.org.za](http://www.fia.org.za).



## Service issues and complaints

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

If you have any comments or suggestions regarding our services or if you want to provide a compliment in respect of any of our representatives please refer to the "Contact us" tab on our website at [www.aon.co.za](http://www.aon.co.za).

If you have a comment or complaint about the service we have provided, please in the first instance address this to the staff member who provided the service. Should you require the complaint to be more formally addressed please do so in terms of our Complaints Policy and Procedure that you'll find under the Legal Documents tab on our website or simply send an email to [comments@aon.co.za](mailto:comments@aon.co.za) .

Receipt of formal complaints will be acknowledged within 2 days of lodgment when we will also provide the contact details of the person responsible for resolving the complaint. We will always attempt to resolve any complaint within 30 days, however when acknowledging receipt of a formal complaint we will notify the complainant of their right to refer the complaint to the FAIS Ombud's office if the complaint has not been resolved to their satisfaction within 6 weeks and up to 6 months of the date of lodging the complaint with us.

## **Other key service related documents**

When we are appointed as risk advisors and insurance brokers for businesses, we either issue a Client Service Letter or for larger corporate businesses we will enter into a Client Service Agreement. For our personal clients we issue a Client Welcome Letter. All these reference our standard Terms and Conditions of Business that may be found on our website at [www.aon.co.za](http://www.aon.co.za) and should be read in conjunction with this FSG.

## **Any questions?**

If you have any questions about our services or anything else in this FSG, please contact your Aon client relationship manager or your local Aon office or Aon South Africa's head office in Johannesburg +27 11 944 7000 or visit [www.aon.co.za](http://www.aon.co.za), alternatively you can contact the Aon South Africa Compliance Officer - [comments@aon.co.za](mailto:comments@aon.co.za)



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