



Your guide to being an Aon distributor of property insurance

AON

Working as an Aon distributor of property insurance

As a real estate agent, the service you provide is what differentiates you from other agents in the market.

Becoming an Aon insurance distributor enables you to add to your services by offering your clients Aon's residential property insurances.

These include protection for:

- Landlords
- Tenants
- Owner occupiers

This guide provides simple step by step instructions on what you need to do to conform with Financial Services Reform (FSR) requirements when arranging your client's insurance.

We've also included:

- Frequently asked questions
- Examples of documentation you can provide to your clients

What you need to do

To assist your clients with their insurance requirements, follow these simple steps...

Arranging a new policy

1. Advise your client you are a distributor for Aon insurance products and can assist in arranging insurance through Aon. Provide your client with the relevant Aon insurance brochure and the Important Distributor Notice (**attachment 1**).
2. Advise your client to read Aon's Financial Services Guide (FSG) and the insurer Product Disclosure Statement (PDS) before making a decision to purchase this insurance. The FSG and PDS can be provided to customers on request.

3. Ensure you quote your Aon Distributor Number (ADN) on the application form.
4. Submit the application to Aon. You can do this behalf of your client.

aon.com.au/landlord

By phone: **1800 105 900**

The premium can be paid:

- By phone: **1800 105 900**
- By post: send a copy of the payments slip from the bottom of the invoice with a cheque
- Follow the payment options on your invoice

Acting as the postal address for your client's insurance

If your client's insurance invoices and policy documentation are to be sent to you, you need to:

1. Send these on to your client
2. Keep a copy for your own records

Remember to seek your client's instructions before paying any insurance premiums on their behalf.

Renewing an Aon insurance policy

When you receive the Aon insurance client renewal invoice and client documentation, you need to send to your client:

1. A cover letter based on (**attachment 2**).
2. The insurance renewal invoice and coverage summary.
3. The Important Distributor Notice (**attachment 1**).

We recommend you keep a copy of the invoice for your own records. If your client instructs you to renew the policy and pay the premium on their behalf, please pay the premium to Aon as soon as you receive this instruction.

The premium can be paid:

- By phone: **1800 105 900**
- By post: send a copy of the payments slip from the bottom of the invoice with a cheque
- Follow the payment options on your invoice

What to do if...

You do not receive instructions from your client within 14 days of sending the invoice, send your client **attachment 3**.

The client does not wish to renew the policy? Send your client a copy of the letter at **attachment 4**.

Remember to keep a copy for your own records.

FAQs

Q. What does it mean to be an Aon Distributor?

A. By acting as our Distributor, you can assist your clients with their Aon residential property insurances knowing that you are our agent under Aon's own Australian Financial Services Licence.

Q. Will we earn commission for policies referred to Aon?

A. Yes. Where you have nominated to receive commission, we will pay you the agreed percentage rate on each Aon product. 7.5% for Landlord Insurance and 5% for Building and Contents Insurance and subject to full terms and conditions contained in your Distribution Agreement with Aon. This is for all new and renewable policies.

Q. How is commission paid?

A. Commission will be paid to you each year until the product is cancelled, while the landlord remains your client. Commission is disbursed on a monthly basis once the policy is paid in full. This is paid by Electronic Funds Transfer (EFT) so please ensure we have your current payment details.

Q. Can I only arrange landlord insurance for my clients?

A. No. By becoming our Distributor you can arrange all residential property insurance products offered by Aon. These Aon products include:

- Landlord insurance
- Home building insurance
- Home contents insurance (for both owners and tenants)
- Residential strata insurance
- Landlord insurance can be arranged by phone or online at aon.com.au/landlord
- For all other insurance products please contact your Client Relationship Manager

Q. Do I have to tell my clients I am an Aon Distributor?

A. Yes. As our representative, you need to explain that you are our Distributor of Aon products. When you are discussing Aon products with your clients, the easiest way to explain your role is by providing your clients with a copy of the Important Distributor Notice (attachment 1 – to be pre-printed on your agency letterhead). Please note you must not give any advice about these insurances to your client.

Q. What happens if you sell or purchase your rent roll?

A. Speak with your Client Relationship Manager to ensure commission is payable to the appropriate party.

Q. What is advice?

A. In relation to the Aon products, advice is an opinion, recommendation or statement that is intended to influence a person or persons in making a decision in relation to an Aon product. Advice is different from providing factual information and generally includes phrases such as "I think", "in my opinion" or "I would recommend." Here are some specific examples of giving advice:

"I think you should insure your investment property for \$250,000"

"It's the cheapest product you can get"

"I think you should buy this policy, it's the best one available"

"In my opinion Insurance Company X is the better one"

As our Distributor, you cannot provide your clients with advice on any Aon products; however, you can provide your clients with factual information about such things as the policy terms and conditions, excesses and the like.



Q. If I cannot provide advice in relation to the Aon products, what can I tell my clients about insurance?

A. Aon makes it easy for you to discuss insurance with your clients without providing advice.

As our Distributor, you can provide your clients with the written materials we have prepared about Aon products. You can tell them who Aon is and what Aon does. You can also tell them about Aon's products and give them a copy of our flyers, which sets out the key features of the Aon insurance products cover. The distributors can provide information about the type of cover and coverage amounts. If your client has further questions about insurance, it is recommended you put them in direct contact with us.

Once they have made the decision to buy the Aon products, you can then assist them with the purchase.

Q. As a Distributor what can I legally do to assist my clients with Aon insurances?

A. As our Distributor you are authorised to 'deal' only in the Aon products as set out in the distributor letter provided to you. When your client has decided to purchase an Aon product, you can:

- Issue
- Vary
- Arrange
- Acquire or
- Apply for any Aon product

You must not provide any advice to your clients on their insurance needs.

The following extract was prepared by the Australian Securities and Investments Commission (ASIC) and explains what 'dealing' means in the context of property managers:

Dealing in a financial product as agent:

When you are dealing as agent you are not arranging. Dealing as agent includes applying for, acquiring or disposing of a financial product in a second person's name where you have power to bind that second person. An example of this maybe where:

- *A consumer appoints a real estate professional (the agent) to manage a rental property on the consumer's behalf; and*
- *As part of this arrangement the agent has the power to bind the consumer in relation to a number of transactions including acquiring insurance for loss of income should the rental property become vacant*

(usually by organising the insurance cover and paying the premium out of the rent account managed by the real estate agent).

Here, the agent has acquired a financial product (general insurance) as agent for the consumer, and the agent would need a licence with an authorisation to deal (by acquiring a financial product) on behalf of another, or be authorised to provide that service on behalf of a licensee with the relevant authorisation: s766C(3A).

As Aon's Distributor, you are authorised to provide this dealing service on our behalf. As our Distributor you must not provide advice on the Aon products.

Q. What if I choose not to get too involved in helping my clients with insurance?

A. By becoming Aon's Distributor, you don't have to change your level of involvement. Should you choose to become more actively involved in your clients' insurances down the track, the protection of acting as our Distributor is always there. Until then, you can continue to hand out brochures if that is what you currently do.

Q. Can I still use the same brochures and application forms for my client's insurance?

Yes. All brochures and applications forms for the Aon products are not affected by your appointment as our Distributor. You can still use all the material we have provided you. By following our guidelines, being our distributor simply means that your involvement and actions, when dealing with your client's Aon residential property insurances, come under Aon's AFS Licence.

Q. Why do I have to sign your Distributor Agreement Acceptance form to be an Aon distributor?

A. Signing and returning the Distributor Agreement Acceptance Form confirms that you have accepted our offer to become an Aon Distributor and the terms on which you act as our Distributor. This allows us both to understand our roles and responsibility to each other and also helps us fulfil our obligation to ASIC to keep a record of all Aon distributors.

Q. Can I offer Aon's online landlord insurance policy to my clients?

A. Yes. Go to:
aon.com.au/landlord
and simply follow the steps.

Arranging a new policy – a sample scenario

The following scenario has been developed as a guide to assist you in confidently and comfortably acting as our distributor:



Property Manager:

Thank you Landlord for choosing our office to manage your investment property. We are Distributors for Aon and can arrange a landlord insurance policy for your property. If you decide to purchase landlord insurance through Aon we can arrange the policy on your behalf and also pay the premiums directly from your rental account. Before I forget, I am required to give you Aon's Important Distributor Notice; it details our agreement with Aon and also gives you information about their dispute resolution process.

Landlord:

I would like to insure my property but I am not sure about the insurances that I require.

Property Manager:

Landlord insurance covers you against risks such as damage to your building and any contents you own in the property, loss of rent and public liability. Aon arranges two landlords' insurance options. One is a packaged policy that covers you for set sums insured. The other option requires you to nominate what you would like to be insured for, a quote is then provided to you and if you accept it, cover is arranged. Here's an Aon flyer that details the cover provided under both options. It can help you decide.

Landlord:

The packaged policy looks like it covers everything that I would need. I'll go with this one.

Property Manager:

Great, I just need to get some details from you first.

(PM runs through questions on the application form). Landlord would you please be able to sign here to confirm that all the details I have taken are correct and that you would like me to arrange the insurance for you. (PM indicates to signature required at bottom of application form). I'll arrange this policy online for you and as soon as I receive the email from the Insurer confirming the policy is in place I will send you a copy. This takes about 10 minutes. Now in relation to the premium, would you like us to pay this out of your rental account?

Landlord:

Yes please.

Property Manager:

I'll make a note of that and make the payment when Aon sends us the insurance notice. I'll also send all of the insurance documents to you, for your records, when they're received.

Attachment 1

(to be printed on your agency letterhead)

Distributor Notice

Important Distributor Notice

Our real estate office (we) acts as a distributor of residential property insurance products (Distributor) for Aon Risk Services Australia Limited ABN 17 000 434 720 AFSL 241141 (Aon). Aon is licensed and authorised to deal in and provide financial advice in relation to all general insurance products.

As a Distributor of Aon we are authorised to deal in the following residential property insurance products offered by them:

- Residential landlord insurance
- Home building insurance
- Home contents insurance (for both owners and tenants)
- Residential strata insurance

We can assist you in arranging any of these insurance products through Aon; however we are unable to provide you with any advice, recommendation or our own opinion in relation to these insurance products.

We may receive up to seven and a half percent (7.5%) of the base premium for acting as a Distributor of its residential property insurance products.

A copy of the Aon Financial Service Guide and insurer Product Disclosure Statement and Policy has been made available to you. You should read these documents before deciding whether these insurance product(s) are right for you. You can obtain a hard copy of these documents by calling the Customer Care Centre on 1800 105 900 or you can view them online at aon.com.au/landlord

If you have a concern about a product or service we have provided you as a Distributor of residential property insurances for Aon, you should contact Aon's National Complaints Manager on (02) 9253 7000 or put your complaint in writing to:

National Complaints Manager

Aon Risk Services Australia Limited
GPO Box 4189 Sydney, NSW, 2001

Attachment 2

(to be printed on your agency letterhead)

Cover Letter

PRO FORMA LETTER TO CLIENT SEEKING INSTRUCTIONS TO RENEW POLICY

[Insert contact details of client]

Dear *[Insert client name]*,

Your Residential Property Insurance Policy (“the Policy”)

Property: *[insert property address]* (“the Property”)

Renewal Date: *[insert renewal date]*

We have enclosed the renewal invoice and documentation relating to the Policy.

Please note that the Policy expires on ***[insert date of expiry of Policy in bold]***. To ensure continuity of cover, you must contact this office within fourteen (14) days of the date of this letter to give us your instructions to renew the policy and pay the premium on your behalf. It may be necessary for us to obtain some further details from you to enable the renewal application to be lodged with the insurer.

If we do not hear from you within fourteen (14) days of the date of this letter, we will presume that: 1) you are planning to renew the Policy and pay the premium yourself; or 2) you do not wish to proceed with renewal of the Policy. In both cases we will take no action to renew the Policy on your behalf.

If you have decided to allow your Policy to lapse, from 4:00pm on the day of the renewal, the Property will be without insurance protection.

We await your instructions to renew the Policy.

Yours sincerely,

[insert property manager’s name]

Attachment 3

(to be printed on your agency letterhead)

Invoice

PRO FORMA LETTER TO CLIENT WHERE CLIENT HAS FAILED TO RESPOND TO REQUEST FOR INSTRUCTIONS TO RENEW POLICY

[Insert contact details of client]

Dear *[Insert client name]*,

Your Residential Property Insurance Policy (“the Policy”)

Property: *[insert property address]* (“the Property”)

Renewal Date: *[insert renewal date]*

We refer to our letter dated *[insert date of letter seeking instructions to renew Policy]*, wherein we sought your instructions to renew the Policy. As we have not heard from you, we presume: 1) you are planning to renew the Policy and pay the premium yourself; or 2) that you do not wish to have the Policy renewed. If this is not the case, please contact us immediately.

As explained in our earlier letter, we will not be taking any steps to renew the Policy unless we receive specific instruction.

If you have decided to allow your Policy to lapse the Property will be without insurance protection from 4:00pm on ***[insert in bold - expiry date of current Policy]***.

Yours sincerely,

[Insert property manager's name]

Attachment 4

(to be printed on your agency letterhead)

Non Renewal

PRO FORMA LETTER TO CLIENT CONFIRMING INSTRUCTIONS NOT TO RENEW POLICY

[Insert contact details of client]

Dear *[Insert client name]*,

Your Residential Property Insurance Policy (“the Policy”)

Property: *[insert property address]* (“the Property”)

Renewal Date: *[insert renewal date]*

We refer to *[insert details of relevant communication with client]* and confirm your instructions that you do not want us to renew the Policy.

Yours sincerely,

[Insert property manager’s name]



Aon Contacts

1800 105 900

aon.com.au/landlord

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Aon is the leading global provider of risk management services, insurance and reinsurance brokerage, and human resources solutions and outsourcing. Aon's industry-leading global resources and technical expertise are delivered locally in over 120 countries.

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