

AON PLC

FORM 8-K (Current report filing)

Filed 06/06/08 for the Period Ending 06/03/08

Telephone	(44) 20 7623 5500
CIK	0000315293
Symbol	AON
SIC Code	6411 - Insurance Agents, Brokers, and Service
Industry	Insurance (Miscellaneous)
Sector	Financial
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **June 3, 2008**

Aon Corporation

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-7933
(Commission File Number)

36-3051915
(IRS Employer
Identification No.)

200 East Randolph Street, Chicago, Illinois
(Address of Principal Executive Offices)

60601
(Zip Code)

Registrant's telephone number, including area code: **(312) 381-1000**

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-
-

Item 1.01. Entry into a Material Definitive Agreement.

On June 3, 2008, Aon Corporation and its subsidiaries and affiliates (collectively, the “Company”) entered into an Amendment No. 6 (“Amendment”) to the Agreement among the Attorney General of the State of New York, the Superintendent of Insurance of the State of New York, the Attorney General of the State of Connecticut, the Illinois Attorney General, the Director of the Division of Insurance, Illinois Department of Financial and Professional Regulation (collectively, the “State Agencies”) dated March 4, 2005 (the “Settlement Agreement”). The Amendment amends the Settlement Agreement to permit the Company, after acquiring a controlling interest in an insurance brokerage that accepts contingent compensation, to continue to accept contingent compensation from the acquired company’s existing customers for three years from the effective date of acquisition, subject to certain restrictions.

The Amendment requires that if the Company accepts contingent compensation from the existing customers of an acquired company during this three-year phase-out period, the Company must, among other things, prohibit the acquired company from accepting contingent compensation with respect to business from its existing clients for which it was not receiving contingent compensation at the time of the acquisition or any new clients. The Amendment further requires the Company to subject an acquired company that receives contingent commissions to other business reforms agreed to in the Settlement Agreement within 180 days of the effective date of the acquisition or at the later renewal of each policy if compliance can not be completed with regard to a policy within the 180-day time frame. The Amendment provides that, after acquiring such an insurance brokerage, the Company must disclose on its website and in other public pronouncements that it accepts contingent compensation as to the acquired company and provide information regarding the acquired company and the applicable three-year transition period.

The foregoing summary is qualified in its entirety by reference to the Amendment, a copy of which is attached hereto as Exhibit 10.1 and is incorporated herein by reference. Aon Corporation filed the Settlement Agreement as Exhibit 10.1 to its Form 8-K filed with the Securities and Exchange Commission on March 7, 2005.

Item 9.01. Financial Statements and Exhibits.

(a) - (c) Not applicable.

(d) Exhibits:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	Amendment No. 6 to Agreement among the Attorney General of the State of New York, the Superintendent of Insurance of the State of New York, the Attorney General of the State of Connecticut, the Illinois Attorney General, the Director of the Division of Insurance, Illinois Department of Financial and Professional Regulation and Aon Corporation and its subsidiaries and affiliates dated March 4, 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Aon Corporation

By: /s/ D. Cameron Findlay
D. Cameron Findlay
Executive Vice President and General Counsel

Date: June 6, 2008

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	Amendment No. 6 to Agreement among the Attorney General of the State of New York, the Superintendent of Insurance of the State of New York, the Attorney General of the State of Connecticut, the Illinois Attorney General, the Director of the Division of Insurance, Illinois Department of Financial and Professional Regulation and Aon Corporation and its subsidiaries and affiliates dated March 4, 2005.

**AMENDMENT # 6 TO
AGREEMENT AMONG THE ATTORNEY GENERAL OF THE STATE OF
NEW YORK, THE SUPERINTENDENT OF INSURANCE OF THE STATE OF
NEW YORK, THE ATTORNEY GENERAL OF THE STATE OF
CONNECTICUT, THE ILLINOIS ATTORNEY GENERAL, THE DIRECTOR OF
THE DIVISION OF INSURANCE, ILLINOIS DEPARTMENT OF FINANCIAL
AND PROFESSIONAL REGULATION, AND AON CORPORATION AND ITS
SUBSIDIARIES AND AFFILIATES (COLLECTIVELY “Aon”) DATED MARCH
4, 2005 (hereinafter, the “Settlement Agreement”)**

WHEREAS, the parties recognize that Aon from time to time has competitive interests in acquiring brokerage companies; and

WHEREAS, the parties recognize that most of these brokerage companies continue to accept forms of Compensation prohibited by the Settlement Agreement; and

WHEREAS, the parties have agreed that permitting Aon to make such acquisitions will enable Aon to transition the regional and local brokerage companies from their current Compensation practices to the transparent, clear, and conflict-free Compensation practices agreed in this Settlement Agreement is in the best interests of insurance consumers; and

WHEREAS, the parties have agreed to amend the Settlement Agreement to permit Aon to phase-out prohibited Compensation from acquired entities over an orderly and efficient period, consistent with the terms and conditions of this Amendment;

NOW, THEREFORE, the parties hereby agree that the Settlement Agreement shall be clarified and amended as follows:

1. Paragraph 8 of the Settlement Agreement is hereby amended, such that the first and second sentences shall be amended to read as follows:

“Subject to Paragraph 10.2, in connection with its insurance brokerage, agency, producing, consulting and other services in placing, renewing, consulting on or servicing any insurance policy, Aon shall accept only: a specific fee to be paid by the client; a specific percentage commission on premium to be paid by the insurer set at the time of purchase, renewal, placement or servicing of the insurance policy; a specific fee for service(s) to be paid by the insurer set at the time of purchase, renewal, placement or servicing of the insurance policy; or a combination of fee and commission. Aon shall accept no such commissions or fees unless, before the binding of any such policy, or provision of any such service: (a) Aon in plain, unambiguous written language fully discloses such commissions or fees in either dollars or percentage amounts, and the specific nature of each service for which fees are to be received; and (b) the U.S. client consents in writing.”

2. Paragraph 10 shall be renumbered 10.1.

3. A new Paragraph 10.2 shall be inserted into the Settlement Agreement reading:

“Notwithstanding the preceding paragraph, in the event Aon acquires a controlling share in an insurance brokerage firm, partnership or company (“acquired company”) that currently is not prohibited from accepting Contingent Compensation, Aon shall not be in violation of this Settlement Agreement if Aon (a) transitions the acquired company so that the acquired company no longer accepts Contingent Compensation on business placed on behalf of existing clients no later than three years after the effective date of the acquisition; (b) prohibits the acquired company from accepting Contingent Compensation on (i) any business placed on behalf of existing clients for which the acquired company was not receiving Contingent Compensation on the effective date of the acquisition, and (ii) all business placed on behalf of any new clients produced on and after the effective date of the acquisition; (c) clearly identifies to the acquired company’s existing clients the form and basis of Compensation accepted by the acquired company during the transition period, and gets consent from the U.S. client to keep all Compensation at the first renewal of each policy consistent with the procedures outlined in Paragraph 15; (d) makes the acquired company subject to all of the other Business Reforms agreed in the Settlement Agreement within 180 days of the acquisition, or at the later renewal of each policy if compliance cannot be completed with regard to that policy within the 180 day period; and (e) informs the Illinois Division of Insurance and the New York State Insurance Department of the status of the implementation of Business Reforms every 90 days after the acquisition until all existing clients have renewed or implementation is completed, whichever is sooner. For purposes of this paragraph, “existing client” is an insurance client of the acquired company for which an insurance policy or product produced by the acquired company is in effect on the effective date of the acquisition; “new client” is any client of the acquired company other than an existing client. It is the intention of the parties that the purpose of this Paragraph is to bring any company acquired by Aon into compliance with the Compensation practices agreed to in this Settlement Agreement in as orderly fashion as possible; nothing in this Paragraph shall be used or be construed to otherwise circumvent the requirements of this Settlement Agreement.”

4. A new Paragraph 10.3 shall be inserted into the Settlement Agreement reading:

“If Aon acquires a company, and elects to continue to accept Contingent Compensation during the transition period in accordance with Paragraph 10.2. above, then Aon shall modify its website and all other public pronouncements regarding the Compensation it receives from insurers to clearly disclose (a) that it accepts Contingent Compensation with respect to policies of existing clients of acquired companies during a three-year transition period after the acquisition; and (b) the names and locations, including branch offices, of those acquired companies, together with the respective dates that the transition periods end.

5. Paragraph 15 of the Settlement Agreement is hereby amended by adding the following sentence to the end of the Paragraph:

“To the extent any Contingent Compensation received during the period permitted by Paragraph 10.2 cannot be defined with certainty prior to binding, Aon will describe the methods of determining and the best estimated amount of such compensation in as reasonable detail as possible and will comply with the remaining requirements of this Paragraph.”

6. Other than as amended above, the Settlement Agreement shall remain in full force and effect.

7. All references in the Settlement Agreement shall be deemed to include this Amendment.

8. This Amendment may be executed in counterparts.

WHEREFORE, the following signatures are affixed hereto on this 3rd day of June, 2008.

Honorable Andrew Cuomo

New York State Insurance Department

/s/ Andrew Cuomo
Attorney General
State of New York
120 Broadway, 25th Floor
New York, NY 10271

By: /s/ Robert H. Easton
Robert H. Easton
Deputy Superintendent & General Counsel
25 Beaver Street
New York, NY 10004

Honorable Richard Blumenthal

People of the State of Illinois

/s/ Richard Blumenthal
Attorney General of the
State of Connecticut
55 Elm Street
Hartford, CT 06171-0120

/s/ Lisa Madigan
by: Lisa Madigan
Attorney General of the
State of Illinois

Department of Financial and Professional
Regulation of the State of Illinois
Dean Martinez, Secretary

Division of Insurance

Aon Corporation

/s/ Michael T. McRaith
by: Michael T. McRaith
Secretary

/s/ D. Cameron Findlay
by: D. Cameron Findlay
Executive Vice President and
General Counsel