

Proposal Form



BusinessGuard Financial Planners Professional Liability Insurance



Bring on tomorrow



Important Notice

Claims-Made and Notified Insurance

This policy is issued by AIG Australia Limited on a claims-made and notified basis. This means that the policy only covers Claims (as defined) first made against you during the Policy Period (as defined) and notified to the insurer in writing during the Policy Period. The policy does not provide cover for any Claims made against you during the Policy Period if at any time prior to the commencement of the Policy Period you became aware of facts which might give rise to those Claims being made against you.

Section 40(3) of the Insurance Contracts Act 1984 provides that where you give notice in writing to the insurer of facts that might give rise to a Claim against you as soon as is reasonably practicable after you become aware of those facts but during the Policy Period, the insurer cannot refuse to pay a Claim which arises out of those facts, when made, because it is made after the Policy Period has expired.

This policy contains a "Prior Claims/Circumstances" Exclusion for loss in connection with any claim:

- made prior to or pending at the inception of this policy; or
- arising out of, based upon or attributable to any circumstance that, as of the inception of this policy, may reasonably have been expected by any Insured to give rise to a Claim.

This policy does not provide cover for Claims arising from any Wrongful Acts which take place before the Retroactive Date.

Your Duty of Disclosure

Before you enter into an insurance contract, you have a duty to tell us anything that you know, or could reasonably be expected to know, may affect our decision to insure you and on what terms.

You have this duty until we agree to insure you.

You have the same duty before you renew, extend, vary or reinstate an insurance contract.

You do not need to tell us anything that:

- reduces the risk we insure you for; or
- is common knowledge; or
- we know or should know as an insurer; or
- we waive your duty to tell us about.

If you do not tell us something

Subject to the Life Insurance Optional Extension for Life Insurance Broking, if included in this policy:

If you do not tell us anything you are required to, we may cancel your contract or reduce the amount we will pay you if you make a claim, or both.

If your failure to tell us is fraudulent, we may refuse to pay a claim and treat the contract as if it never existed.

Subrogation

This policy contains provisions which have the effect of excluding or limiting the insurer's liability in respect of a loss where you have prejudiced the insurer's rights of subrogation where you are a party to an agreement which excludes or limits insurer's rights to recover the loss from another party. You are hereby notified of the effect of these provisions.

Privacy Notice

This notice sets out how AIG Australia Limited (AIG) collects, uses and discloses personal information about:

- you, if an individual; and**
- other individuals you provide information about.**

Further information about our Privacy Policy is available at www.aig.com.au or by contacting us at australia.privacy.manager@aig.com or on 1300 030 886.

How we collect your personal information

AIG usually collects personal information from you or your agents.

AIG may also collect personal information from:

- Our agents and service providers;
- other insurers;
- people who are involved in a claim or assist us in investigating or processing claims, including third parties claiming under your policy, witnesses and medical practitioners;
- third parties who may be arranging insurance cover for a group that you are a part of;
- providers of marketing lists and industry databases; and
- publicly available sources.

Why we collect your personal information

AIG collects information necessary to:

- underwrite and administer your insurance cover;
- maintain and improve customer service; and
- advise you of our and other products and services that may interest you.

You have a legal obligation under the Insurance Contracts Act 1984 to disclose certain information. Failure to disclose information required may result in AIG declining cover, cancelling your insurance cover or reducing the level of cover, or declining claims.

To whom we disclose your personal information

In the course of underwriting and administering your policy we may disclose your information to:

- entities to which AIG is related, reinsurers, contractors or third party providers providing services related to the administration of your policy;
- banks and financial institutions for policy payments;
- assessors, third party administrators, emergency providers, retailers, medical providers, travel carriers, in the event of a claim;
- other entities to enable them to offer their products or services to you; and
- government, law enforcement, dispute resolution, statutory or regulatory bodies, or as required by law.

AIG is likely to disclose information to some of these entities located overseas, including in the following countries: United States of America, United Kingdom, Singapore, Malaysia, the Philippines, India, Hong Kong, New Zealand as well as any country in which you have a claim and such other countries as may be notified in our Privacy Policy from time to time.

You may request not to receive direct marketing communications from AIG.

Access to your personal information

Our Privacy Policy contains information about how you may access and seek correction of personal information we hold about you. In summary, you may gain access to your personal information by submitting a written request to AIG.

In some circumstances permitted under the Privacy Act 1988, AIG may not permit access to your personal information. Circumstances where access may be denied include where it would have an unreasonable impact on the privacy of other individuals, or where it would be unlawful.

Complaints

Our Privacy Policy also contains information about how you may complain about a breach of the applicable privacy principles and how we will deal with such a complaint.

Consent

If applicable, your application includes a consent that you and any other individuals you provide information about consent to the collection, use and disclosure of personal information as set out in this notice.



Details of Proposer

1. a) Policyholder _____
- b) Trading Name _____
- c) ABN _____
- d) Contact Person _____
- e) Dun and Bradstreet Number _____
- f) If you intend to claim an Input Tax Credit for the premium paid for this policy, please specify the percentage of the premium you will be claiming: _____%

Policyholder's main office

Street Address _____
Suburb _____ State _____ Postcode _____
Telephone _____
Website _____ Email Address _____

Licence Conditions

2. Please state your Australian Financial Services Licence number & attach a copy of your Licence.
AFS Licence Number: # _____

Details of the Business

3. Date business was established? _____
4. Please state the current employed staff members of the Company (means Policyholder and its subsidiaries) as follows:
 - a) Principals/partners/directors _____
 - b) Employees (include all full/part time & casual employees) _____
 - c) Non-Employed Authorised Representatives _____
 - d) Total current staff _____



Income

5. Please state the gross income earned by you; including commissions, fees and other benefits received on behalf of all authorised representatives from the following business activities in your previous financial year:

PLEASE NOTE: These are the ONLY activities that will be covered under the policy. If you undertake any other activities that you want to insure, you should consult your insurance broker.

Business Activity	Gross Annual Income (last 12 mths)
Financial planning (including superannuation) advice & services	\$ _____
Life insurance	\$ _____
a) As a broker; or	\$ _____
b) On behalf of one or more insurers	\$ _____
Non-life insurance (on behalf of one or more insurers only)	\$ _____
Mortgage broking/origination	\$ _____
Total gross annual income	\$ _____

6. Total Gross Annual Income forecast for your current financial year period \$ _____

7. Total Gross Annual Income forecast for your next financial year period \$ _____

Customer Profile for Investment Advisory Activities

8. a) Please provide a breakdown of the relative size of your financial planning client accounts for your previous financial year, as shown in the table below:

<i>Size of client's portfolio</i>	<i>Approx. number of clients</i>	<i>Total Funds Under Management</i>
Up to \$100,000	_____	_____
\$100,001 - \$250,000	_____	_____
\$250,001 - \$500,000	_____	_____
\$500,001 - \$1,000,000	_____	_____
\$1,000,001 plus	_____	_____
Total	_____	_____

b) Please specify your largest client according to their portfolio size: \$ _____

c) Do you recommend that clients invest more than 15% of their total Funds Under Management in any one investment class Yes / No

If "Yes", please provide details below:



Investment Product Profile

9. Please advise the percentage of client's investments according to the following breakdown:

a) Australian equities on a direct basis	%
b) Australian equities via a managed fund	%
c) Foreign equities on a direct basis	%
d) Foreign equities via a managed fund	%
e) Property trusts on a direct basis	%
f) Property trusts via a managed fund	%
g) Fixed interest securities and/or cash	%
h) Hedge funds	%
i) Margin Lending	%
j) Derivatives	%
k) Agricultural or Primary Industry Managed Investment Scheme	%
l) Managed Investment Schemes (exempted by ASIC)	%
m) Managed Investment Schemes (other than above)	%
n) Other (please provide full details)	%
Total	100%

10. Please list the top 5 investment products (in order) that produced the most income for you in your previous financial year period.

<i>Product Name</i>	<i>Fees (\$)</i>	<i>Total Income earned (\$)</i>	<i>Total Funds Under Management</i>
a)			
b)			
c)			
d)			
e)			

11. Are you authorised by your AFS licence to provide Managed Discretionary Account services? Yes / No

If 'Yes' please provide details including an example of a client mandate, approximate number of clients and funds invested.



12. a) Do you or anyone authorised by you provide financial planning advice or services in respect of superannuation funds not approved in writing by your Investment Committee? Yes / No

*If "Yes" please provide on a separate attachment what procedures & guidelines are in place to provide such advice or services with respect to these superannuation funds. Include how you ensure that those authorised by you are providing advice & services within the **procedures and guidelines stipulated.***

- b) Have you in the past, do you currently, or do you contemplate in the future providing advice with respect to Self Managed Superannuation Funds (SMSF)? Yes / No

If "Yes", please provide details on a separate attachment of how you determine (or plan to determine) the suitability of your client for a SMSF?

If you have provided advice with respect to a SMSF in the past 12 months, please also state the approximate number of clients to whom you have provided such advice?

Approx. number of clients # _____

13. Have you in the past, do you currently, or do you contemplate in the future recommending any product or service from an entity with which you are associated (financially or otherwise)? Yes / No

If "Yes", please provide details.

14. Do you recommend any of the following investment products?

Investment Product		Approx. number of clients	Funds under advice
Tax effective schemes (with or without ATO product ruling)	Yes / No	#	\$
Hedge funds	Yes / No	#	\$
Unlisted securities (for which a liquid market does not exist)	Yes / No	#	\$
Overseas securities (other than as part of a managed fund)	Yes / No	#	\$
Investments in single underlying asset or debt instrument	Yes / No	#	\$
Direct Property	Yes / No	#	\$
Direct share investments	Yes / No	#	\$



In relation to the products above, please provide the investment rationale for each specialised investment product answering the following questions:

- I. the names and details of each of the investment products
- II. how do you determine the suitability of the investor for these products?
- III. what due diligence measures were undertaken prior to selection of these products?
- IV. what are your procedures for monitoring of the fund managers or investment providers?
- V. what are your standard reporting procedures to the investors in these products?
- VI. how are your benchmarks established in respect of these products?

Please note that cover for the above products will only be considered upon receipt and review of the above requested information.

Optional Extension for Authorised Representatives

15. Do you require cover for your Authorised Representatives (“ARs”)?
- Yes / No
- Please note that each person or entity who is an AR at the time this insurance is entered into will be required to complete our AR supplementary proposal form, which will include a signed and dated claims declaration, prior to being endorsed to the proposed policy.*
- If “Yes”, please list all past or present ARs, including employed ARs, that you require to be covered by this policy on the Schedule of ARs attaching to this proposal form and also provide the following additional information:*
- a) Number of ARs as at the date of this proposal # _____
 - b) Number of ARs one year previously # _____
 - c) Number of ARs anticipated in one year’s time # _____
 - d) Do you conduct random audits on your Authorised Representatives (both employed and non-employed ARs)? Yes/No
- If “No” what risk management procedures are in place to monitor the advice provided by your Authorised Representatives?
- e) How often do you conduct audits on your Authorised Representatives? _____
 - f) Who conducts the audits and how are the results reported? _____

Optional Extension for Margin Lending & Gearing

16. Do you require cover for margin lending or gearing (including recommendations made with respect to using home loan equity to purchase investment products)?
- Yes / No
- If “Yes”, then please provide the following additional information:*
- a) Do you require the investor to sign a disclosure statement? Yes / No
 - b) Please advise the total number of clients that have Margin Lending/Gearing _____
 - c) Please advise the total value of all margin loans outstanding _____
 - d) What is the maximum LVR when you set up a margin facility? _____
 - e) Do you recommend that your clients seek independent tax advice regarding the tax implications of Margin Lending/Gearing? Yes / No
- If “No” do you refer them to a Qualified Accountant? Yes / No
- f) A copy of your margin lending / gearing compliance procedures including: _____



- i) An explanation of how you determine the suitability of your client for margin lending / gearing
 - ii) Any maximum gearing ratios that you impose
 - iii) Any diversification requirements that you impose
 - iv) Any cash flow analysis undertaken by you
- g) Details of your delegation controls for this product; including the minimum qualifications, experience and specific product training that will be required by your authorised staff or representatives to sign-off on margin lending / gearing recommendations.

Optional Extension for Life Risk Products

17. Do you require cover for your activities as a life insurance broker or when you act on behalf of one or more insurers? Yes / No

PLEASE NOTE: We may be unable to provide cover if fees from life insurance broking activities are greater than 40% of your overall fees.

If "Yes", please provide the following additional information:

- a) Do you have an Australian Financial Services Licence which authorises you to act as a life insurance broker? Yes / No

If "Yes", please state your total gross written premium for the past 12 mths.

\$ _____

- b) Do you act as an authorised representative of a life insurance broker or life insurance company? Yes / No

Optional Extension for Non-Life Risk Products

18. Do you require cover for your activities as an authorised representative when acting on behalf of one or more insurers in respect of non-life insurance products? Yes / No

(Note: We are unable under this policy to provide cover for non-life insurance broking activities)

If "Yes", please attach a list of all insurers for which you act as an authorised representative and also provide the following information:

- a) Do you only recommend or place insurance with regard to your clients' personal insurance needs (such as house, motor vehicle and personal accident insurance)? Yes / No

- b) Have you ever in the past, do you currently, or do you contemplate in the future recommending or placing any insurance coverage with regard to commercial and/or industrial assets or activities? Yes / No

Optional Extension for Mortgage Services

19. Do you currently, or have you ever in the past conducted mortgage broking or origination activities that you would like included under the proposed policy? Yes / No

If "Yes", please provide the following additional information:

- a) Are you a current paid-up member of Mortgage Industry Association of Australasia? Yes / No

- b) Do you act under any form of delegated authority from a mortgage lending institution? Yes / No

If "Yes", please provide a copy of the relevant contractual agreement(s).



c) Do you always provide a documented comparison between the different interest rates and transaction costs of your available pool of products? Yes / No

d) When recommending the refinancing of an existing loan do you always analyse the costs as well as the advantages and disadvantages of proceeding with the refinance? Yes / No

e) Do you always provide written reports to clients? Yes / No

If "Yes", please provide a representative sample copy of a report.

f) Please advise the:

i) Largest loan size arranged by you in the previous 2 years: \$ _____

ii) Average loan size arranged by you in the previous 2 years: \$ _____

g) Do you provide advice with respect to 'Reverse Mortgages'? Yes / No

If "Yes", please provide details.



- c) Has the Firm ever sustained any loss through the fraud or dishonesty of any employee, or after enquiry of the partners/principals/directors and employees, is the Firm aware of any circumstances which may give rise to a loss against the Firm? Yes / No

If "Yes", please supply the relevant details and advise what precautions have been taken to prevent a recurrence (use a separate sheet of your letter headed paper if insufficient room below).

-
-
- d) Are monies, securities and/or negotiable instruments subject to control by at least one partner, principal or director, and one authorised signatory? Yes / No
- e) Is bank reconciliation carried out by someone not authorised to deposit into or withdraw from the bank accounts? Yes / No
- f) When recruiting or promoting Employees to positions of trust involving handling of stock, money, financial or treasury functions, does the Firm undertake independent checks in their employment history? Yes / No

General Questions

22. Apart from the Financial Ombudsman Service, do you subscribe to and/or are you subject to any of the following other dispute resolution bodies?
- a) Credit Ombudsman Service Ltd? Yes / No
- b) Insurance Brokers Dispute Facility? Yes / No
- c) Other (please specify) _____ Yes / No
23. Do you issue any brochures or marketing material (including capability statements) describing your activities or services? Yes / No
- If "Yes", please attach copies.*
24. To ensure you obtain a quote as quickly as possible please ensure that the following information is attached to your proposal form (tick "Yes" if attached):
- a) _____
- b) A copy of your Complaints Register. Yes
- c) A sample Financial Services Guide. Yes
- d) A representative Statement of Advice / Financial Plan (not a generic template). Yes
- e) A current Approved Products List (including risk and mortgage products, if relevant to your application). Yes
- f) Details of your processes and procedures for determining products to be added or removed from your Approved Products List (including procedures for providing guidelines on products not approved by your Investment Committee) Yes
- g) A copy and/or description of your processes and procedures for recruiting, training and monitoring authorised staff and authorised representatives. Yes
- h) Any other documents requested as part of your answers to questions in any of the preceding sections. Yes



Claims Information

Enquiry should be made of all relevant staff before answering these questions.

25. In the last 10 years has there been any professional indemnity claims made against you or any of your principals/partners/directors, employees or AR's? Yes / No
If "Yes", please provide full details using a separate attachment including dates, the nature of the allegations and any amounts paid out by the you or your Insurer including damages, settlements, claimant's costs and defence cost.
26. Have you or any of your principals/partners/directors, employees or AR's ever been the subject of a disciplinary inquiry, proceeding or investigation alleging professional misconduct? Yes / No
If "Yes", please provide full details using a separate attachment including dates, the nature of the allegations and any amounts paid for any compensation, defence costs, fines or penalties.
27. Are any of your principals/partners/directors, employees or ARs aware of any facts which might give rise to a professional indemnity claim being made against you or any of your principals / partners / directors, employees or AR's? Yes / No
If "Yes", please provide full details using a separate attachment.

Details of Insurance

28. As at today's date does the Company have Professional Indemnity Insurance currently in force that has been paid for? Yes / No
If "Yes", please state
- | | | |
|----|------------------|-------------|
| a) | Insurer | |
| b) | Indemnity Limit | |
| c) | Expiry Date | ___/___/___ |
| d) | Excess/Retention | |

29. Have you, or any predecessor ever had any Insurer decline a proposal, imposed any special terms, cancelled or refused to renew a Professional Indemnity Insurance Policy? Yes / No
If "Yes", please give details (use a separate sheet of your letter headed paper if insufficient room below).

30. What limit(s) of liability do you require quotations for?
- | | | | | | |
|--------------------------|-------------|--------------------------|--------------|--------------------------|--|
| <input type="checkbox"/> | \$1 million | <input type="checkbox"/> | \$5 million | <input type="checkbox"/> | |
| <input type="checkbox"/> | \$2 million | <input type="checkbox"/> | \$10 million | <input type="checkbox"/> | Other |



31. What limit(s) of self insured retention are you prepared to carry?

- \$20,000
- \$10,000 Other: _____

Stamp Duty Split

32. For the purpose of calculating Stamp Duty please state the number of current staff (including directors/partners, full/part time and casual employees) located in each state:

NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Overseas

Declaration and Consent

Please Note: Signing the Declaration does not bind the proposer or the Insurer to complete this insurance.

I declare that I have made all necessary inquiries into the accuracy of the responses given in this proposal and confirm that the statements and particulars given in this proposal are true and complete and that no material facts have been omitted, misstated or suppressed. I agree that should any of the information given by me alter between the date of this proposal and the inception date of the insurance to which this proposal relates, I will give immediate notice thereof to the insurer.

I acknowledge receipt of the Important Notice, Privacy Notice and Disclosure information contained in this proposal and that I have read and understood the content of them.

I consent to AIG collecting, using and disclosing personal information as set out in AIG’s privacy notice in this proposal and the policy.

If I have provided or will provide information to AIG about any other individuals, I confirm that I am authorised to disclose the other individual’s personal information to AIG and also to give the above consent on both my and their behalf.

I confirm that I am authorised by the proposing Firm (and its partners/principals/directors if applicable) to complete this proposal form and to accept the quotation terms for this insurance on behalf of the Company (and its partners/principals/directors if applicable).

Name: _____

Title: _____

Signature: _____

Date: _____

Head Office

Sydney

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Bring on tomorrow