

Financial Planners

Professional Indemnity Insurance Proposal Form

Duty of Disclosure

Your Duty of Disclosure

Before you enter into a contract of general insurance with an Insurer, you have a duty, under the Insurance Contracts Act 1984, to disclose to the Insurer every matter that you know, or could reasonably be expected to know, is relevant to the Insurer's decision whether to accept the risk of insurance and, if so, on what terms.

You have the same duty to disclose those matters to the Insurer before you renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require disclosure of a matter:

- ▶ that diminishes the risk to be undertaken by the Insurer;
- ▶ that is of common knowledge;
- ▶ that your Insurer knows or, in the ordinary course of its business, ought to know;
- ▶ as to which compliance with your duty is waived by the Insurer.

Non-Disclosure

If you fail to comply with your duty of disclosure, the Insurer may be entitled to reduce its liability under the contract in respect of a claim or may cancel the contract. If your non-disclosure is fraudulent, the Insurer may also have the option of avoiding the contract from its beginning.

Claims Made Policy

This declaration is for a 'claims made and notified' policy of insurance. This means that the Insuring Clause responds to:

- ▶ claims first made against you during the policy period and notified to the Insurer during the policy period, provided that you were not aware at any time prior to the policy inception of circumstances which would have put a reasonable person in your position on notice that a claim may be made against him/her; and
- ▶ written notification of facts pursuant to Section 40(3) of the Insurance Contracts Act 1984. The facts that you may decide to notify, are those which might give rise to a claim against you. Such notification must be given as soon as reasonably practicable after you become aware of the facts and prior to the policy's period of cover has expired. If you give written notification of such facts the policy will respond even though a claim arising from those facts is made against you after the policy has expired. For your information, Section 40(3) of the Insurance Contracts Act 1984 is set out as follows: "S40(3) Where the Insured gave notice in writing to the Insurer of facts that might give rise to a claim against the Insured as soon as was reasonably practicable after the Insured became aware of those facts but before the insurance cover provided by the contract expired, the Insurer is not relieved of liability under the contract in respect of the claim when made by reason only that it was made after the expiration of the period of insurance cover provided by the contract."

When the policy period expires, no new notification of facts can be made on the expired policy even though the event giving rise to the claim against you may have occurred during the policy period.

You will not be entitled to indemnity under your new policy in respect of any claim resulting from an act, error or omission occurring or committed by you prior to the retroactive date, where one is specified in the policy terms offered to you.

Subrogation

The policy contains a provision that has the effect of excluding or limiting the Insurer's liability in respect of a claim where the Insured had foregone, excluded or limited a right of recovery or contribution.

Non-Renewable Policy

For the purposes of Section 58 of the Insurance Contracts Act 1984, if a policy is issued, this policy is non-renewable and will expire at the conclusion of the policy period. Should the Insured require coverage beyond the expiry of the policy period, the Insured must complete a new proposal form and the Insurer may provide a new contract, the terms and conditions of which will be negotiated at the time.

Important Information

Answering the Questions

You must answer ALL questions in this proposal form. Failure to answer all questions in this proposal form could delay consideration of this application for insurance. You must ensure you provide complete and correct answers to all questions in this proposal form. If you are unsure whether any information is material to the Insurer's consideration of this application, this information should be disclosed.

Supplementary Information

If there is insufficient space in this proposal form for you to provide a complete answer to a question you may also submit additional information in spreadsheet or report format.

Supporting Documentation

All Applicants are required to submit the following documentation with this proposal form:

1. Copies of the CV's of all directors, principals and partners.
2. Copies of all AFSLs.
3. Copy of last 3 years Complaints Register.
4. Copy of current Approved Products List.
5. Copy of current SOA.
6. Copy of current FSG.
7. If new licence, a copy of the A5 Proof Document.
8. Copy of the last Compliance Audit Report.

Meaning of Terms

Please note in this proposal form:

"Proposer" means:

- ▶ the Association and all subsidiaries; and
- ▶ the officer bearers of the Association and all subsidiaries.

Reference to "North America" means the USA and Canada and their respective territories and possessions.

Contact Quanta

Quanta Insurance Group Pty Ltd

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1. Entities to be Insured

Full name of entity: ABN: AFSL: Date business commenced:

Please attach a copy of all AFSLs.

Have any amalgamations or acquisitions taken place in the last 6 years? Yes No
If Yes, please provide details:

2. Contact Details

Phone: Mobile Fax:
Email: Website:
Postal address: Suburb: State: Postcode:

3. Principal(s) and Firm Information

Name: Age: Qualification: Date qualified: Length as partner/director for:
This firm: Previous firm:

Number of staff: no. of directors no. of qualified no. of admin other
Authorised representatives: no. for cover no. for cover TOTAL:
required not required (all staff and authorised representatives)

4. Professional Memberships

Please list any professional bodies or associations of which you are a member:

Have you ever been disqualified, expelled or deregistered by a professional body/association or regulator? Yes No
If Yes, please provide details:

5. Business Activities

Please provide details of the exact nature of your business:

If you have any brochures detailing your practice please attach copies.

6. General Information

Has any director or officer or financial planner ever been bankrupt, deregistered or expelled from being a company director?	Yes	No
Is more than 50% of your client base derived from a single company or group of clients?	Yes	No
Are you a registered life or general insurance broker?	Yes	No
Do you deal with customers that reside overseas or have their principal offices overseas?	Yes	No
Is any advice given in relation to mergers and/or acquisitions?	Yes	No
Have you performed work or do you intend to perform work overseas?	Yes	No

If Yes to any of the above, please provide details:

Please select below if you or any parent, subsidiary or other related entity have either engaged in, or have or had a controlling share of any entity engaged in:

- actual construction, fabrication, erection or any form of works contracting
- real estate development
- the manufacture, sale or distribution of any product or process or patented production process

If you have selected any of the above, please provide details below.

Names of the other entities involved and their relationship to you:

Full details including a description of the nature of the involvement in the relevant activity:

7. Details of Existing Cover

Does the practice currently carry Professional Indemnity Insurance? Yes No

If Yes, please provide details.

Name of insurer: Expiry date of policy: Current retroactive date:

Limit of indemnity: Excess: Expiring base premium:

Please attached a copy of your current policy schedule as evidence of retroactive date.

8. Options Required

\$2,500,000 any one claim / \$5,000,000 aggregate*

\$4,000,000 any one claim / \$8,000,000 aggregate

**Please note this is the minimum limit required by ASIC RG126*

\$5,000,000 any one claim / \$10,000,000 aggregate

\$3,000,000 any one claim / \$6,000,000 aggregate

other (please specify):

What is your preferred Excess?

\$10,000 each and every claim \$20,000 each and every claim \$50,000 each and every claim other:

9. Claims and Circumstances

Has any claim been made, or has negligence been alleged, against you or any of the present or former principals, or have any circumstances been notified to insurers which may result in a claim being made? Yes No

If Yes, please provide details:

Are there any circumstances not already notified to insurers which may give rise to a claim against you or any prior corporate practice or any of the present or former principals? Yes No

If Yes, please provide details:

Are there any claims against previous practices which may give rise to a claim against either a principal or you? Yes No

If Yes, please provide details:

Are there any registered complaints you consider could potentially lead to a claim? Yes No

If Yes, please provide details:

9. Claims and Circumstances (cont.)

Has any insurer, in respect of risks to which this proposal relates ever declined a proposal, refused a renewal or terminated insurance?	Yes	No
Has any insurer, in respect of risks to which this proposal relates ever required an increased premium or imposed special conditions?	Yes	No
Has any insurer, in respect of risks to which this proposal relates ever declined an insurance claim by the Insured or reduced its liability to pay an insurance claim in full (other than by application of excess)?	Yes	No

If Yes to any of the above, please provide details:

10. Overall Activities

Please detail the approximate percentage of your income based on the previous financial year in the following areas:

Financial planning/general advice	%	Accounts preparation/bookkeeping	%
Investment advice/selection	%	Tax returns	%
Client portfolio admin & reporting	%	Tax advice	%
Life insurance	%	SMSF establishment & admin	%
Personal insurance	%	SMSF audit	%
Mortgage broking	%	Public offer superannuation	%
Finance broking	%	Other	%
		TOTAL (must equal 100%):	%

If 'Other', please provide details:

11. Largest Clients

Please give a brief description of the five largest clients by fee income in the past 5 years.

Brief description:	Location (state):	Consulting role (e.g. life broking/investment advice)	\$ invested/ life insured:	Total fees earned/estimate:
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12. Investment Breakdown

Please advise allocation of client investments across all licenses combined:

	\$	%		\$	%
Australian equities on a direct basis			Hedge funds		
Australian equities via managed funds			Derivatives (excl. hedge funds)		
Overseas equities on a direct basis			Registered managed investment schemes		
Fixed interest securities and/or cash			Unregistered managed investment schemes		
Property trusts on a direct basis			Other		
Property trusts via managed funds			TOTAL fund under advice/management		

If 'Other', please provide details:

Has the above allocation of client investments varied significantly in the past 3 years? Yes No
 If Yes, please provide details:

Other than the investments above, do you recommend that clients spend 15% of their total FUM/FUA in any one investment case? Yes No
 If Yes, please provide details:

If your clients invest in Australian equities on a direct basis, do you obtain external advice and/or view external analyst reports regarding investing into these shares? Yes No
 If No, please detail your guidelines in place to ensure the investment on this basis is suitable for your clients:

Do you ensure the investments are spread across more than 5 industries? Yes No

12. Investment Breakdown (cont.)

Please provide a reconciliation of the financial planning client accounts across all licenses combined.

Funds under advice/management:	No. of financial planning clients:	Total invested or managed (\$):	Total fee or commission income (\$):
Up to \$100,000			
\$100,001 - \$250,000			
\$250,001 - \$500,000			
\$500,001 - \$1,000,000			
\$1,000,000+			
TOTAL			

Please list the top 10 investment products (in order) that produced the most income in the last financial year period.

Product name:	Total income earned (\$):	Product name:	Total income earned (\$):
1.		2.	
3.		4.	
5.		6.	
7.		8.	
9.		10.	

Please give details if you have you ever in the past, or contemplate in the future, recommending the following types of investment product.

Investment product:	Response:	Approx no. of clients	Funds under advice (\$):
Tax effective schemes (with or without ATO product ruling)	Yes No		
Hedge funds	Yes No		
Unlisted securities (where a liquid market does not exist or units cannot be redeemed on demand)	Yes No		
Overseas securities (other than as part of a diversified portfolio in a managed fund)	Yes No		
Investments in a single underlying asset or debt instrument	Yes No		
Direct property	Yes No		
Direct shares	Yes No		
Any other product or service from an entity which you are associated (financially or otherwise)	Yes No		
Any other product or service that you would consider potentially high risk or speculative	Yes No		
Hybrid securities	Yes No		

13. Margin Lending and Managed Discretionary Accounts

Do you advise on margin lending? If Yes, please complete questions a) to d).

			Yes	No		
a.	Total number of clients that have margin lending:	Total value of all margin loans outstanding (\$):	Maximum LVR when you set up a margin facility(%):			
b.	Do you provide your clients with a copy of the current PDS for each funding provider when recommending margin lending products?			n/a	Yes	No
c.	Do you provide your clients with adequate details regarding the investment, interest rate and margin call risks associated with margin lending?			n/a	Yes	No
d.	Do you recommend that your clients seek independent tax advice regarding the tax implications of margin lending? If No, do you refer them to a qualified accountant?			n/a	Yes	No

Please ensure that your approved products list notes all margin lending facilities utilised by you.

e.	Are you involved in client portfolio management on a discretionary basis (MDA)?	Yes	No
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If Yes, please provide details below.

Total number of clients that have MDA's:	Total funds under management in respect of MDA's:
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Please attach a copy of the standard MDA client agreement.

14. Risk Management

Has the approved product list changed from last year? Yes No
 If Yes, please provide details:

Do you fully disclose all charges applicable to the client in exiting an investment product or superannuation fund? Yes No
 If Yes, please provide details:

Do you have a risk management strategy in place? Yes No
 Do you conduct a needs analysis for all financial planning/portfolio management of clients and always provide them with a Statement of Advice? Yes No
 Do you disclose the credit risk to your clients at all times when recommending an investment product? Yes No
 Do you provide all your clients with a copy of a Financial Services Guide? Yes No
 Do you have a cooling off period for your clients when agreeing an investment strategy recommended by you? Yes No
 Does a para planner prepare your plans? Yes No
 Do you always ensure all of your clients sign an agreement/acceptance for any significant advice given? Yes No
 Have there been or is there likely to be any ASIC-imposed actions or restraints against the licensed dealer or any of their past or current authorised representatives? Yes No

Date of last compliance audit:
 Were any issues identified by the audit? Yes No
 If Yes, please provide details:

Are there any outstanding issues or action(s) required from the audit? Yes No
 If Yes, please provide details:

15. Income

Australia: Overseas: TOTAL:

Actual gross fees/commissions for the previous financial year

Estimated gross fees/commissions for the current financial year

Projected gross fees/commissions for the next financial year

Please provide a percentage breakdown of gross fees/commissions (based on previous financial year) by location.

NSW: VIC: WA: TAS: QLD: SA: ACT: NT: Overseas:

Declaration

This part of the Professional Indemnity Proposal Form requires the Applicant to declare that the Proposal Form has been completed by answering all of the required questions in full and in accordance with the Applicants Duty of Disclosure. The Applicant must ensure that they have read and understood the Duty of Disclosure and if necessary revise the answers in the Proposal Form; then read, sign and date the declaration below.

I/We the undersigned duly authorised person(s) declare that:

- ✔ I/We have authorisation by each of the Applicants to sign this Proposal Form.
- ✔ I/We have read the important facts which you have put before me/ us and I/We understand the advice given in relation to the Duty of Disclosure.
- ✔ I/We have diligently made all necessary and detailed enquiries in order to comply with the Duty of Disclosure.
- ✔ No material information or facts have been withheld or misstated in the Proposal Form.
- ✔ I/We understand that the duty to disclose continues after I/We have completed this Proposal Form and signed this declaration until I/We have received written acceptance of the risk from the Insurer. This includes the duty to disclose any alterations to the information and statements provided in the Proposal Form prior to the inception date of the policy.
- ✔ I/We understand that until the Insurer confirms acceptance of the risk, no insurance is in force.
- ✔ I/We have read the privacy statement set out below and I/We agree that information about this insurance may be collected, used and disclosed as described in that statement. Where I/We have provided information about an individual such as an employee on this Proposal Form, I/ We have advised the individual of the fact and provided a copy of the privacy statement to the individual.

Signature:

Name:

Position held:

Date (DD/MM/YY):

Signature:

Name:

Position held:

Date (DD/MM/YY):

Privacy Statement

We are committed to protecting your privacy. We use the information you provide to advise about and assist with your insurance needs. We provide your information to insurance companies and agents that provide insurance quotes and offer insurance terms to you or the companies that deal with your insurance claim (such as loss assessors and claims administrators). Your information may be given to an overseas insurer (like Lloyd's of London) if we are seeking insurance terms from an overseas insurer, or to reinsurers who are located overseas. We will try to tell you where those companies are located at the time of advising you. We do not trade, rent or sell your information.

If you don't provide us with full information, we can't properly advise you, seek insurance terms for you, or assist with claims and you could breach your duty of disclosure.

For more information about how to access the personal information we hold about you and how to have the information corrected and how to complain if you think we have breached the privacy laws, you can access a copy of our Privacy Policy on our website quanta.com.au or alternatively contact our Privacy Officer on **02 9225 4111**.

Supporting Documents

Please attach copies of the following documents with this Form:

- CV's of all directors, principals and partners
- AFSLs
- Last 3 years Complaints Register
- Current Approved Products List
- Current SOA
- Current FSG
- A5 Proof Document (if new licence)
- Last Compliance Audit Report

Returning Your Form

- | | |
|---|-----|
| 1. Have you signed the Privacy Statement & Declaration? | Yes |
| 2. Has each question in this Form been answered? | Yes |
| 3. Have you given complete, true and accurate answers to all relevant questions in this Form? | Yes |
| 4. Have you attached all necessary supporting documentation with this Form? | Yes |

Please check you have correctly filled out all sections and saved the document before submitting the form.

If you wish to return your form to Quanta via post, email or fax, please use the details provided below.

Contact Quanta

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