

*Financial Planners
Professional Liability Insurance
Proposal Form*

AIG Australia Proposal Form

American Home Assurance Company ABN 67 007 483 267 AFSL No 230903 incorporated with limited liability in the USA, trading as AIG Australia, is a member company of American International Group, Inc. (AIG).

Sydney: Head Office: Citigroup Centre, Level 19, 2 Park Street, NSW 2000 (02) 9240 1711
Melbourne: 549 St. Kilda Road, VIC 3004 (03) 9522 4000
Brisbane: 10 Eagle Street, QLD 4000 (07) 3220 0700
Perth: 77 St. George's Terrace, WA 6000 (08) 9421 3300

Important Notice

Claims-Made and Notified Insurance

This policy is issued by American Home Assurance Company 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

Section 21 of the Insurance Contracts Act 1984 provides that before you enter into a contract of general insurance with an insurer, you have a duty 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 the insurance and, if so, upon 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. However, your duty of disclosure does not require you to disclose matters:

- that diminish the risk to be undertaken by the insurer;
- that are 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 of disclosure is waived by the insurer.

Your duty of disclosure continues after the proposal form has been completed up until the Policy Period commences.

Consequences of 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.

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 Consent and Disclosure

AIG Australia is a wholly owned subsidiary of the American International Group (AIG). AIG Australia has adopted the National Privacy Principles. The National Privacy Principles apply to any personal information collected by AIG Australia.

Purpose of Collection

AIG Australia collects information necessary to underwrite and administer your insurance cover, to maintain and to improve customer service. You have a duty under the Insurance Contracts Act 1984 to disclose certain information. Failure to comply with your Duty of Disclosure or to provide certain information may result in AIG Australia either declining cover, cancelling your insurance cover or reducing the level of cover.

In the course of administering your Policy we may disclose your information to:

- another member of the AIG group of companies either in Australia or overseas;
- contractors or third party providers providing services related to the administration and sale of your Policy;
- banks and financial institutions for the purpose of processing your application and obtaining policy payments;
- in the event of a claim, assessors,

third party administrators, emergency providers, and medical providers.

We will only disclose your personal information to these parties for the primary purpose for which it was collected. In some circumstances AIG Australia is entitled to disclose your personal information to third parties without your authorisation such as law enforcement agencies or government authorities.

Access To Your Information

You may gain access to your personal information by submitting a written request to AIG Australia.

In some circumstances, AIG Australia may not permit access to your personal information. Circumstances where access may be denied include where it would compromise the privacy of other individuals, or where it would be unlawful.

AIG Australia has also established an internal dispute resolution process for handling customer complaints and an access and correction procedure. Both procedures are generally free of charge however we reserve the right to charge for access requests in limited circumstances.

If you feel you have a complaint about AIG Australia's Information Privacy Principles, require assistance in lodging a privacy complaint or you wish to gain access to the information, you may write to The Privacy Manager, AIG Australia, 549 St Kilda Road, Melbourne, or e-mail australia.privacy.manager@aig.com. Your complaint will be reviewed and you will be provided with a written response. If it cannot be resolved, your complaint will be referred to AIG Australia's Internal Disputes Resolution Committee who will respond within 15 working days. In either case the matter will be reviewed by a person or persons with appropriate authority to deal with the complaint. Should your complaint not be resolved by AIG Australia's internal dispute resolution process, you may take your complaint to the Privacy Commissioner for review of the determination.

Details of Proposer

1. a) Firm Name _____
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: _____ %

Firm's main office

Street Address _____

Suburb _____

State _____

Postcode _____

Telephone _____

Facsimile _____

Website _____

Email Address _____

Licence Conditions

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

Financial Planning Association (FPA) Membership

3. Are you a member of the FPA? Y N
If "Yes", please state a) FPA # _____
b) Year joined _____
4. Are you a principal member of the FPA? Y N

Details of the Business

5. How long has the Firm continually carried on business? _____
6. Please state the current employed staff members of the Firm as follows:
a) Principals/partners/directors _____
b) Employees (include all full/part time & casual employees) _____
c) Total current staff _____

Income

7. 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		\$

8. Total Gross Annual Income forecast for your current financial year period \$ _____
9. Total Gross Annual Income forecast for your next financial year period \$ _____

Customer Profile for Investment Advisory Activities

10. 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:

Size of client's portfolio	Approx. number of clients
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: \$ _____

Investment Product Profile

11. Please list the top 10 investment products (in order) that produced the most income for you in your previous financial year period. Please also specify your fees and commissions and advise whether you rebate commissions on any of these products.

Product Name	Commission Rates %		Fees (\$)	Total Income earned (\$)	Commission Rebated			
	Up Front	Trail			<input type="checkbox"/>	Y	<input type="checkbox"/>	N
a)					<input type="checkbox"/>	Y	<input type="checkbox"/>	N
b)					<input type="checkbox"/>	Y	<input type="checkbox"/>	N
c)					<input type="checkbox"/>	Y	<input type="checkbox"/>	N
d)					<input type="checkbox"/>	Y	<input type="checkbox"/>	N
e)					<input type="checkbox"/>	Y	<input type="checkbox"/>	N
f)					<input type="checkbox"/>	Y	<input type="checkbox"/>	N
g)					<input type="checkbox"/>	Y	<input type="checkbox"/>	N
h)					<input type="checkbox"/>	Y	<input type="checkbox"/>	N
i)					<input type="checkbox"/>	Y	<input type="checkbox"/>	N
j)					<input type="checkbox"/>	Y	<input type="checkbox"/>	N

12. Are you authorised by your AFS licence to provide Managed Discretionary Account services? Y N

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

13. 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? Y N

*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)? Y N

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 # _____

14. 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)? Y N

If "Yes", please provide details.

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

<i>Investment Product</i>	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	<i>Approx. number of clients</i>	<i>Funds under advice</i>
Tax effective schemes (with or without ATO product ruling)	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	#	\$
Hedge funds	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	#	\$
Unlisted securities (for which a liquid market does not exist)	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	#	\$
Overseas securities (other than as part of a managed fund)	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	#	\$
Investments in single underlying asset or debt instrument	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	#	\$
Direct Property	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	#	\$
Direct share investments	<input type="checkbox"/>	Y	<input type="checkbox"/>	N	#	\$

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

16. Do you require cover for your Authorised Representatives (ARs)? Y N

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 | # |

Optional Extension for Margin Lending & Gearing

17. Do you require cover for margin lending or gearing (including recommendations made with respect to using home loan equity to purchase investment products)? Y N

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

- a) Do you require the investor to sign a disclosure statement? Y N
- b) 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
- c) 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

18. Do you require cover for your activities as a life insurance broker or when you act on behalf of one or more insurers? Y N

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? Y N

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? Y N

Optional Extension for Non-Life Risk Products

19. 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? Y N

(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)? Y N
- 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? Y N

Optional Extension for Mortgage Services

20. 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? Y N

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

- a) Are you a current paid-up member of Mortgage Industry Association of Australasia? Y N

- b) Do you act under any form of delegated authority from a mortgage lending institution? Y N

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? Y N

- 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? Y N

- e) Do you always provide written reports to clients? Y N

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'? Y N

If "Yes", please provide details.

- h) Please list below the top five mortgage lending institutions (in order) from which you derived the most income in the previous financial year:

Mortgage lending institution	Commission Rate %		Total income earned
a)			\$
b)			\$
c)			\$
d)			\$
e)			\$

Optional Extension for Employment Practices Liability

21. a) Would you like a quotation for Employment Practices Liability coverage? Y N
- b) If 'Yes' has any Claim arising from employment practices liability ever been made against the Firm or, after enquiry of the Partners/Principals/Directors, is the Firm aware of any circumstances which may give rise to a Claim against the Firm or any its Partners/Principals/Directors or employees? Y N

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).

Optional Extension for Fidelity

22. a) What Fidelity Cover sub-limit(s) do you require quotations for?
 \$50,000 \$250,000
 \$100,000 Cover not required

- b) As at today's date, does the Firm currently have any fidelity guarantee/crime insurance? Y N

If "Yes",

a) Insurer _____

b) Indemnity Limit _____

c) Expiry Date _____ / _____ / _____

d) Deductible _____

- c) Has the Firm ever sustained any loss through the fraud or dishonesty of any employee, or after enquiry of the Partners/Principals/Directors, is the Firm aware of any circumstances which may give rise to a loss against the Firm? Y N

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 a Partner, Principal or Director, or by at least two Employees? Y N

- e) Is bank reconciliation carried out by someone not authorised to deposit into or withdraw from the bank accounts? Y N

- f) When recruiting or promoting Employees to positions or trust involving handling of stock, money, financial or treasury functions, does the Firm undertake independent checks in their employment history? Y N

General Questions

23. Apart from the Financial Industry Complaints Resolution Scheme, do you subscribe to and/or are you subject to any of the following other dispute resolution bodies?
- | | | | | |
|--|--------------------------|---|--------------------------|---|
| a) Credit Ombudsman Service Ltd? | <input type="checkbox"/> | Y | <input type="checkbox"/> | N |
| b) Insurance Brokers Dispute Facility? | <input type="checkbox"/> | Y | <input type="checkbox"/> | N |
| c) Other (<i>please specify</i>) _____ | <input type="checkbox"/> | Y | <input type="checkbox"/> | N |
24. Do you issue any brochures or marketing material (including capability statements) describing your activities or services? Y N
If "Yes", please attach copies.
25. 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) The most recent National Quality Assessment Programs (NQAP) audit and your most recent self-assessment | <input type="checkbox"/> | Y |
| b) A copy of your Complaints Register. | <input type="checkbox"/> | Y |
| c) A sample Financial Services Guide. | <input type="checkbox"/> | Y |
| d) A representative Statement of Advice / Financial Plan (not a generic template). | <input type="checkbox"/> | Y |
| e) A current Approved Products List (including risk and mortgage products, if relevant to your application). | <input type="checkbox"/> | Y |
| 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) | <input type="checkbox"/> | Y |
| g) A copy and/or description of your processes and procedures for recruiting, training and monitoring authorised staff and authorised representatives. | <input type="checkbox"/> | Y |
| h) Any other documents requested as part of your answers to questions in any of the preceding sections. | <input type="checkbox"/> | Y |

Claims Information

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

26. 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? Y N

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.

27. 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? Y N

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.

28. Are any of your principals / partners / directors or employees 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? Y N

If "Yes", please provide full details using a separate attachment.

Details of Insurance

29. As at today's date does the Firm have Professional Indemnity Insurance currently in force that has been paid for? Y N

If "Yes", please state

- a) Insurer _____
b) Indemnity Limit _____
c) Expiry Date _____ / _____ / _____
d) Excess/Retention _____

30. 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? Y N

If "Yes", please give details (use a separate sheet of your letter headed paper if insufficient room below).

31. What limit(s) of liability do you require quotations for?

- \$1 million \$5 million \$20 million
 \$2 million \$10 million
 Other: _____

American Home Assurance Company ABN 67 007 483 267 AFSL 230903, trading as AIG Australia.

