



ace insurance

# Financial Institutions Professional Indemnity **PROPOSAL FORM**

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## **INSTRUCTIONS TO PROPOSER**

Please answer all questions. If you have insufficient space to complete an answer, attach a separate signed and dated sheet and identify the question number concerned.

Please enclose with this Proposal Form:

1. Latest two Annual Reports and Audited Financial Statements for the Company;
2. Most recent:
  - (a) Auditing Firm's Letter of Recommendation to Management.
  - (b) Management's written response to Letter of Recommendation.
3. All promotional material distributed in connection with services offered;
4. Specimen contract applicable to each service offered;
5. Any addendum's completed as attachments to Section E

**BEFORE COMPLETING THIS PROPOSAL FORM PLEASE READ THE IMPORTANT NOTICES ON PAGE 8.**

**THIS PROPOSAL SHOULD ONLY BE COMPLETED AFTER DETAILED ENQUIRY OF ALL THE PERSONS TO BE COVERED.**



## FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

### A. GENERAL DETAILS

2. Name of Company: .....

3. Address of Company: .....

.....

Internet Address or website: .....

4. Nature of activities of the Company and all its Subsidiaries: .....

.....

.....

5. On what date was the Company first established? .....

6. What are the Company and its Subsidiaries total number of:

EMPLOYEES

LOCATIONS

(a) Head Office: .....

(b) Branches: .....

(c) Data Processing Centres: .....

(d) Administration Centres .....

7. Has the Company been involved in any mergers, acquisitions or consolidations in the past 3 years? Yes  No

If Yes, please provide details .....

.....

.....

8. Is the Company presently involved in, or considering any merger, acquisition or change in control? Yes  No

### B. COVER REQUIRED

1. Effective Date Required: .....

2. Limits of Liability Required: Each Loss Limit \$ .....

Aggregate Limit \$ .....

3. Deductible Required: \$ .....



## FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

### C. EXISTING POLICIES

Provide the following information:

- |    |                                  |                    |                   |
|----|----------------------------------|--------------------|-------------------|
| a. | Financial Institutions Bond      | Limit: _____       | Deductible: _____ |
|    |                                  | Expiry Date: _____ | Insurer: _____    |
| b. | Professional Indemnity Insurance | Limit: _____       | Deductible: _____ |
|    |                                  | Expiry Date: _____ | Insurer: _____    |
| d. | Directors & Officers Liability   | Limit: _____       | Deductible: _____ |
|    |                                  | Expiry Date: _____ | Insurer: _____    |

### D. REGULATORY EXAMINATIONS

1. Has the Company, its Subsidiaries, or any of its directors, officers, or employees been subject to any regulatory investigation? Yes  No

If Yes, please provide details by attachment.

2. Have all recommendations or criticisms of the last examination been complied with? Yes  No

If No, please provide details by attachment.

3. Did any regulatory investigation result in disciplinary proceedings, admonishments or recommendations? Yes  No

If Yes, please provide details by attachment, including whether all the recommendations were implemented.

### E. ACTIVITIES

1. Please provide the approximate percentages of the Company's total revenues that were derived from the following activities?

	Current year %	Previous year %
(a) Actuarial	.....	.....
(b) Lending (Please complete Addendum Part A)	.....	.....
(c) Leasing Services (Please complete Addendum Part A)	.....	.....
(d) Securities trading /dealing (Please complete Addendum Part B)	.....	.....
(e) Commodities trading / dealing	.....	.....
(f) Derivatives or specialist trading / dealing	.....	.....
(g) Foreign Exchange Dealing	.....	.....



## FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

	Current year %	Previous year %
(h) Financial, investment or economic advice with respect to:		
(i) mergers, acquisitions or capital restructuring (Please complete Addendum Part C)	.....	.....
(ii) underwriting of securities (Please complete Addendum Part C)	.....	.....
(iii) venture capital	.....	.....
(iv) other	.....	.....
(i) Investment Adviser/ Manager (Please complete Addendum Part D)	.....	.....
(j) Data Processing (Please complete Addendum Part E)	.....	.....
(k) General Insurance (Please complete Addendum Part F)	.....	.....
(l) Life Insurance (Please complete Addendum Part F)	.....	.....
(m) Real Estate Agent/Agency Manager	.....	.....
(n) Real Estate Appraisals	.....	.....
(o) Real Estate Investment Trust Advisory Services	.....	.....
(p) Travel Agent/Agency	.....	.....
(q) Other	.....	.....
2. Has the Company offered any new services over the past twelve months, or is the Company planning to offer any new services over the next twelve months?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

If Yes, please provide details. ....

.....

.....

**F. AGENTS**

- 1. Do you have agents as part of your distribution channels? Yes  No
- 2. Does the Company monitor the advice provided by agents? Yes  No

Please provide details on a separate sheet.



## FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

### G. AUDITS

1. Name of current external auditor: .....

(a) Has the Company changed the external auditor in the last three years? Yes  No

If Yes, please explain.

.....  
.....

(b) Does the Company have:

(i) an internal audit department? Yes  No

(ii) a Compliance Officer? Yes  No

If Yes, please state the Compliance Officer's duties, to whom the Compliance Officer reports, and attach their resume.

.....  
.....

(c) State the number of internal audit staff .....

(d) State the frequency of audits by internal auditors .....

(e) Have all criticisms from the last external and internal auditors review been corrected? Yes  No

If No, please detail areas requiring correction. ....

.....  
.....

### H. DISASTER RECOVERY

1. Does the Company have a comprehensive disaster recovery plan? Yes  No

If No, indicate the procedures in place for disaster recovery

.....  
.....

### I. LEGAL COUNSEL

1. State the names of external legal counsel routinely acting for the Company:

.....



## FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

2. What is external legal counsel used for?

.....

3. Does the Company have an in-house Legal Department/Counsel? Yes  No

(a) If Yes, how many legally qualified individuals does it consist of?

.....

(b) What are the department's responsibilities?

.....

4. Has the Company changed its outside legal counsel in the last three years? Yes  No

If Yes, please explain.

.....

.....

5. Does the Company use a standard written agreements/contracts/letter of offer setting out the terms and conditions of the services provided? Yes  No

If Yes

(a) are all contracts approved by legal counsel? Yes  No

(b) do all contracts provide indemnity and/or limitations to the Company's liability? Yes  No

2. Are all publications, marketing material, or other product services communications, reviewed by legal counsel prior to their release to third parties? Yes  No

If No, please provide details.

.....

.....

### J. PRIOR CLAIMS AND CIRCUMSTANCES

1. Has the Company, its Subsidiaries or its directors and officers been involved in or have any knowledge of any fact or circumstance which may give rise to a claim under the proposed Policy? Yes  No

If Yes, provide details .....

.....

.....

**In respect to Question J1, it is agreed that if the undersigned or any director or officer proposed for this insurance has any knowledge of any such fact or circumstance, any claim arising therefrom shall be excluded from coverage under the proposed insurance.**



## FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

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2. Are there now pending, any suits, claims or proceedings against the Company or Subsidiaries? Yes  No

If Yes, provide details .....

.....

.....

3. Are there now pending, any suits, claims or proceedings against any person proposed for this insurance in their capacity as director, officer or employee of the Company or its Subsidiaries? Yes  No

If Yes, attach supplemental claim or incident information form(s).

**In respect to Questions J2 and J3, it is agreed that any claim arising from such suits, claims or proceedings is excluded from the proposed coverage.**

4. Is the undersigned or any director or officer proposed for this insurance aware of any fact, circumstance, situation or wrongful act involving the Company, its Subsidiaries (or the directors or officers of the Company or its Subsidiaries) which he/she has reason to believe might result in any future claim which would fall within the scope of the proposed insurance? Yes  No

If Yes, provide details .....

.....

.....

**In respect to Question J4, it is agreed that if the undersigned or any Director or Officer proposed for this insurance is aware of any such fact, circumstance, situation or wrongful act, any claim subsequently arising therefrom shall be excluded from coverage under the proposed insurance.**



## FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

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### IMPORTANT NOTICES

#### Your Duty of Disclosure

Before you enter into any contract of 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, that is relevant to the Insurer's decision whether to accept the risk of the insurance and, if so, on what terms.

You have the same duty to disclose any new or changed information to the Insurer before you renew, extend, vary or reinstate a contract of insurance.

It is important that all information contained in this proposal is understood by you and is true, correct and complete, as you will be bound by your answers and by the information provided by you, and on your behalf, in this proposal. You should obtain advice before you sign this proposal if you do not properly understand any part of it.

Your duty of disclosure continues after the proposal has been completed up until the time the contract of insurance is entered into.

#### Non-Disclosure

If you fail to comply with your duty of disclosure, the Insurer may avoid the contract of insurance or cancel it and not pay any claim.

#### Change of Risk or Circumstances

You should advise the Insurer as soon as practicable of any change to your normal business as disclosed in the proposal, such as, but not limited to changes in location, acquisitions and new overseas activities.

#### Subrogation

Where you have agreed with another person or company, who would otherwise be liable to compensate you for any loss or damage which is covered by the contract of insurance, that you will not seek to recover such loss or damage from that person, the Insurer will not cover you, to the extent permitted by law, for such loss or damage.

#### Privacy Act

This proposal collects personal information about directors, officers, company secretaries and employees of the Company. The information is collected to enable the Insurer to evaluate this application and any claims and to administer the contract of insurance. The Insurer will hold the information at 345 Queen Street, Auckland. If you do not provide this information, the Insurer is entitled to decline this application for insurance.

The directors, officers, company secretaries and employees of the Company have rights of access to and correction of, their personal information under the Privacy Act 1993.



## FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

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### DECLARATION

We acknowledge that we have read and understand the **Important Notices** contained in this proposal. We agree that this proposal, together with any other information or documents supplied to the Insurer will form the basis of the contract of insurance.

We acknowledge that if this proposal is accepted, the contract of insurance will be subject to the terms and conditions as set out in the policy wording as issued or as otherwise specifically varied in writing by the Insurer. We declare, after enquiry, that the statements, particulars and information contained in this proposal and in any documents accompanying this proposal are true and correct in every detail and are complete.

We undertake to comply with our duty of disclosure and inform the Insurer of any material alteration to those facts before this contract of insurance is entered into.

Signed for and on behalf of each and every person and Company to be insured.

Signed:

\_\_\_\_\_  
(Chairperson)

\_\_\_\_\_  
(Managing Director/Chief Executive Officer)

Dated:

/

/ 200

/

/ 200

Name:

\_\_\_\_\_

\_\_\_\_\_

Company:

\_\_\_\_\_

**Note: This Proposal and all exhibits shall be treated in strictest confidence.**



# FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

## ADDENDUM PART A – LENDING AND LEASING ACTIVITIES

Name of Company: .....

1. Please describe the type and volume of loans and leases, which are presented to your board of Directors.

.....  
.....

2. Is there a formal lending policy (adopted by the Board of Directors) addressing all types of loans and leases in which you participate? Yes  No

If No, please describe.

.....  
.....

3. Does your formal lending policy describe minimum documentation standards for each type of loan or lease in which you participate? Yes  No

If No, please describe.

.....  
.....

4. (a) Who is responsible for your formal lending policy with respect to:

(i) Ascertaining that documentation standards are met?

(ii) Monitoring the lending function?

.....  
.....  
.....

(b) To whom and with what frequency do the individuals provide formal findings?

.....  
.....

5. Does a loan or lease applicant:

(a) complete an application form for all requests? Yes  No

(b) receive a loan declination with reasons for the declination? Yes  No





# FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

## ADDENDUM PART B - SECURITIES BROKER/DEALER

Name of Applicant: .....

1. Please provide:

(a) Number of Proper Authority Holders: .....

(b) Total annual revenue from brokerage commissions: .....

(c) Average daily trading volume: .....

(d) Does the applicant's Brokerage Department offer margin accounts? Yes  No

(e) State percentage of volume of margin accounts .....

2. What percentage of accounts are:

Individual \_\_\_\_\_ Corporate \_\_\_\_\_

Institutional \_\_\_\_\_ Others \_\_\_\_\_

3. State percentage of revenue that is derived from the following:

	Current Year	Previous Year
a. Listed Stocks	_____	_____
b. Unlisted Stocks	_____	_____
c. Bonds	_____	_____
e. Options	_____	_____
f. Commodity Futures	_____	_____
g. International Securities	_____	_____
h. Listed Unit Trusts	_____	_____
i. Direct Private Placements	_____	_____
j. Underwriting	_____	_____
k. Other (please specify)	_____	_____

4. Describe how does the Company manages trading exposures relating to trading activities. Please include details as to trading limits placed upon employees; and how these limits are monitored.

.....  
.....

5. If formal limits are exceeded:

(a) Is there an automatic flagging system in place? Yes  No

(b) Would the trade still proceed? Yes  No

If No, please provide details as to alternate system.



## FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

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.....

6. In the past 12 months, how often were these limits exceeded and by what amounts ?

What measures were implemented to avoid a repetition ?

.....  
.....

7. Does the Brokerage Department clear its own trades: Yes  No

If *No*, indicate the name of the broker or clearing agent used .....

(a) Is the selection reviewed annually: Yes  No

(b) Is there a hold harmless clause in the contract with the broker or clearing agent to protect the Company for liability for improperly executed trades? Yes  No

8. Client Contracts:

(a) Do clients sign a written brokerage contract with the Company's Brokerage Department? Yes  No

(b) Does the contract contain an arbitration agreement? Yes  No

(c) If the operation is a discount brokerage, does the contract or other literature given to clients define the Company's responsibility and specifically indicate that no investment advice is to be given? Yes  No

9. Disputes:

(a) Does the Company have a formal, documented dispute resolution procedure? Yes  No

(b) How many complaints were received in the past three years? .....

(c) How many were unresolved after 60 days? .....

10. Describe any auditing procedures associated with this service.

.....  
.....





# FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

## ADDENDUM PART C – MERCHANT BANKING/CORPORATE ADVISORY SERVICES

Name of Company: .....

- 1. Has the Company acted on behalf of its clients in the last 3 years in any takeover, merger, acquisition, floatation or rights issue? Yes  No

If Yes, please provide details.

.....

.....

- 2. If the Company has been involved in any of the above activities, were the transactions successfully completed? Yes  No

If Yes, please provide details.

.....

.....

- 3. Does the Company have formal, documented risk management policies approved by the Board of Directors? Yes  No

Please describe. Include the frequency of reporting to the Board of Directors, the Company's market and credit risk position, and the profit and loss with respect to trading activities.

.....

.....

.....

- 4. Please provide a general description of the infrastructure and the process by which market and credit risks are managed, including the frequency with which reports are produced, who produces and evaluates them and how current the information is when the reports are prepared.

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## FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

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### DECLARATION

We acknowledge that we have read and understand the **Important Notices** contained in this proposal. We agree that this proposal, together with any other information or documents supplied to the Insurer will form the basis of the contract of insurance.

We acknowledge that if this proposal is accepted, the contract of insurance will be subject to the terms and conditions as set out in the policy wording as issued or as otherwise specifically varied in writing by the Insurer. We declare, after enquiry, that the statements, particulars and information contained in this proposal and in any documents accompanying this proposal are true and correct in every detail and are complete.

We undertake to comply with our duty of disclosure and inform the Insurer of any material alteration to those facts before this contract of insurance is entered into.

Signed for and on behalf of each and every person and Company to be insured.

Signed:

\_\_\_\_\_

(Chairperson)

\_\_\_\_\_

(Managing Director/Chief Executive Officer)

Dated: \_\_\_\_\_ / \_\_\_\_\_ / 200

\_\_\_\_\_ / \_\_\_\_\_ / 200

Name: \_\_\_\_\_

\_\_\_\_\_

Company: \_\_\_\_\_



# FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

## ADDENDUM PART D – INVESTMENT ADVISER/ MANAGER

Name of Company: .....

1. If the Company acts as an investment advisor or manager, please indicate the following:

	Current year	Previous year
(a) The total value of the assets for which Investment advice is provided?	.....	.....
(b) The value of the largest account?	.....	.....
(c) The total fees earned by this service?	.....	.....
(d) Asset value of lost accounts	.....	.....
(e) Total number of lost accounts	.....	.....
(f) The number of customers that services are provided for:	.....	.....
(i) Individuals	.....	.....
(ii) Corporations)	.....	.....
(iii) Charitable Institutions	.....	.....
(iv) Other	.....	.....

2. Has the Company offered any new services over the past twelve months, or is the Company planning to offer any new services over the next twelve months?      Yes       No
3. If the Company offers corporate services, are there procedures in place to ensure that the service being provided is reviewed by someone other than the deal originator in respect of appropriateness and suitability for the specific client?      Yes       No
4. Are there minimum criteria for identifying individual customers for whom investment advisory services will be provided?      Yes       No
5. Do customers complete a written document that clearly identifies and states the customer's investment objectives?      Yes       No
6. Does the Company recommend the use of derivative instruments or investment other than commonly traded securities as part of its portfolio management?      Yes       No

If Yes, please describe the types of investments used, their objectives, the percentage of total investment assets and valuation procedures utilised.

.....  
.....





# FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

## ADDENDUM PART E – DATA PROCESSING SERVICES

Name of Company: .....

1. Indicate the types of data processing services provided to clients and the percentage of data processing revenue derived from each:

Type	% of Revenue
(a) Cheque Processing	.....
(b) Data Storage	.....
(c) Data Entry	.....
(d) Data Collection	.....
(e) Data Processing	.....
(f) Other	.....

If *Other*, please provide details on separate sheet.

2. Does the Company have a specialised Electronic Data Processing audit staff? Yes  No

3. Is this service rendered under a contract? Yes  No

If Yes:

(a) are all contracts approved by legal counsel? Yes  No

(b) do all contracts provide indemnity and/or limitations to the Company's liability? Yes  No

If *No*, please describe how the Company protects itself from liabilities.

.....  
.....

## DECLARATION

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# FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

## ADDENDUM PART F – INSURANCE COMPANY

Name of Company: .....

1. Please indicate the nature of the Company's primary operations:

- Property / Casualty
- Life/Health
- Reinsurance
- Other .....

2. Please indicate the Insurance Services the Company or any of its Subsidiaries are currently offering or planning to offer:

For:	Policy Holders		Other Than Policy Holders	
a. Claims Adjusting and Handling	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
b. Insurance Risk Management	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
c. Safety Engineering	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
d. Loss Control	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
e. Rehabilitation	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
f. Salvage	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
g. Subrogation	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
h. Premium Financing	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
i. Actuarial	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No
j. Insurance Pool Management	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Yes	<input type="checkbox"/> No

3. Has the Company or any of its subsidiaries entered into any new classes of business in the past 3 years?      Yes  No

If Yes, provide details.

.....  
.....

4. Does the Company or any of its Subsidiaries currently participate or manage any scheme?      Yes  No

If Yes, to either of the above, provide details.

.....  
.....  
.....

5. Please indicate the number of claims handling personnel:

Inside Adjusters	_____	Outside Adjusters	_____
Medical Staff	_____	Lawyers	_____
Other	_____		

6. Approximate total number of claims handled annually: .....



## FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

7. Number of field claims offices: .....

8. If outside adjustment services are used, what percentages of claims are handled by outside adjustment services?  
.....  
.....

9. Does the Company use agents or third party administrators to negotiate and settle claims? Yes  No

If yes, how many agencies or third party administrators and what is the maximum authority?

Number \_\_\_\_\_ Maximum Authority \_\_\_\_\_

10. Code of Practice and Disputes

(a) Does the Company participate in a Code of Practice? Yes  No

(b) Does the Company have a fully documented dispute resolution process? Yes  No

If Yes, please describe the process.

.....  
.....  
.....

(c) Are there established procedures for handling claims or suits against the Company for professional liability, extra contractual liability or punitive damages? Yes  No

If Yes, describe procedures and when such procedures were established.

.....  
.....

(d) How often are these procedures reviewed and analysed? .....

11. Do you have a senior person responsible for monitoring and assessing all lawsuits?

Name of Officer: \_\_\_\_\_ Title: \_\_\_\_\_

### ENGINEERING AND LOSS CONTROL SERVICES

12. Number of safety engineering and loss control inspection personnel: .....

13. Number of safety engineering and loss control inspections annually: .....

14. If outside safety engineering or loss control services are used, what percentages of safety engineering or loss control services are handled by outside service providers? .....

.....



## FINANCIAL INSTITUTIONS PROFESSIONAL INDEMNITY

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Signed for and on behalf of each and every person and Company to be insured.

Signed:

\_\_\_\_\_  
(Chairperson)

\_\_\_\_\_  
(Managing Director/Chief Executive Officer)

Dated: \_\_\_\_\_ / \_\_\_\_\_ / 200

\_\_\_\_\_ / \_\_\_\_\_ / 200

Name: \_\_\_\_\_

\_\_\_\_\_

Company: \_\_\_\_\_