



ace insurance

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PROPOSAL FORM

INSTRUCTIONS TO PROPOSER

Please enclose with this Proposal Form:

1. The last Annual Report for the Company;
2. Audit's letter to management and management's response to this.

BEFORE COMPLETING THIS PROPOSAL FORM PLEASE READ THE IMPORTANT NOTICES ON PAGE 6.

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



PROPOSER DETAILS

- 1. Name of Company:
- 2. Principal Office Address:.....
- 3. Annual Turnover at Last Financial Year End:.....
- 4. Total Assets at Last Year End:
- 5. Number of Locations:
- 6. Describe the type of business in which the Company is engaged. In the case of multiple occupations please provide a split by revenue.
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.....

Employee Details

- 7. Please give the number of employees in the following categories having responsibility for money or negotiable instruments, stock and/or accounts:
 - (a) Executives, officials and employees other than those referred to in (b) and (c) below
 - (b) Executives, officials and employees primarily engaged in duties as cashiers, treasurers, paymasters, accountants handling money or negotiable instruments, in-house staff handling money or negotiable instruments, and stock and store supervisors.
 - (c) Employees engaged out-doors handling money or negotiable instruments, employees primarily engaged in the delivery of goods.
- 8. Please give the number of all other employees not having responsibility for money or negotiable instruments, stock and/or accounts.

Audit and Corporate Governance

- 9. Do External auditors audit all operations at least annually? Yes No
- 10. Have all recommendations by External Auditors regarding internal controls been complied with, following your last audit? Yes No
If No, please provide details.
- 11. Is there an Audit Committee which monitors the effectiveness of internal controls and reports directly to the Board? Yes No
- 12. Internal Audit Department:
 - (a) Do you have an Internal Audit Department? Yes No
 - (b) Do they have an established audit cycle for all operations? Yes No



Recruitment Procedures

13. When recruiting or promoting employees to positions of trust involving handling of stock, money, financial or treasury functions, do you:
- (a) undertake independent checks into their employment history? Yes No
- (b) undergo a process to ensure their suitability for the position? Yes No

Internal Financial Controls

14. Are wages/salaries independently checked against personnel records for unusual or excessive payments? Yes No
15. Are duties segregated so that no individual can control any of the following activities from commencement to completion without referral to others;
- (a) signing cheques or authorising payments (including capital expenditure) above \$5,000? Yes No
- (b) issuing funds transfer instructions? Yes No
- (c) amending funds transfer procedures? Yes No
- (d) opening new accounts? Yes No
- (e) investment in and custody of securities and valuables (including bank cheques, travellers cheques, bills of exchange etc.) Yes No
- (f) refund monies or return goods above \$5,000? Yes No
- (g) disbursement of assets or funds of any Pension Plan? Yes No
- (h) awarding contracts following a tender? Yes No
16. Are all supporting documents validated before authorising payments? Yes No
17. Are statements of accounts sent to customers independently of employees receiving statements? Yes No
18. Are bank statements independently reconciled with customer accounts by persons not authorised to deposit/withdraw funds issue funds transfer instructions or dispatch accounts to customers? Yes No

Stock and Physical Security

19. Is there controlled access to all locations? Yes No
20. Are all premises containing stock, money, securities, precious metals etc. connected to an intruder alarm? Yes No
21. Are intruder alarms maintained in proper working order and connected to a central station or a police station? Yes No



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22. Is an independent physical count of stock, raw materials, work in progress and finished goods undertaken and is this count reconciled against stock levels? Yes No

How frequently?

23. Above what value is the transfer of money and securities usually made by a security or professional cash carrying company?

24. What is the maximum value of money, securities, precious metals and/or jewellery at any one location:

- (a) during business hours?

- (b) outside business hours?

Suppliers/Service Providers Outsourcing

25. Do you maintain an approved suppliers list? Yes No

26. Are suppliers, service providers and outsourcing companies vetted for competency, financial stability and honesty before being approved? Yes No

27. Are all suppliers, service providers and outsourcing companies appointed under written contract? Yes No

28. Are procedures in place to assess the suitability of trustees, fiduciaries, administrators or officers of any of your Pension Plans? Yes No

29. Do you outsource any activities to third party service providers? Yes No

If Yes, please detail the services provided.

30. Do you audit outsourcing companies during the term of their contract? Yes No

31. If the service provider or outsourcing company operates in your premises are their employees under your daily management control? Yes No

Computer Systems

32. Are unique passwords used to give various levels of entry to the computer depending on the users authorisation? Yes No

33. Are passwords automatically withdrawn when people leave? Yes No

34. Are all amendments to programmes approved independently of the persons making the amendments? Yes No

35. Are programmes protected to detect unauthorised changes? Yes No

36. Is your computer system firewall protected to prevent unauthorised access? Yes No

37. Is your computer system protected by virus detection and repair software? Yes No



Fund Transfers

Fund Transfers" means any instructions (other than cheques) given to a Financial Institution to pay or deliver funds.

38. What is the approximate annual value of fund transfers? \$

39. Please specify the method of instruction (e.g. written, electronic, telephone etc.).
.....

40. Can payment instructions be made to an account which has not been pre-agreed? Yes No

41. Is the financial institution required to authenticate the instruction before payment is released? Yes No

42. Please provide a brief description of the methods used to secure fund transfers (e.g. passwords, encryption, code words, call back).
.....

Loss History

43. Losses
(a) Please provide brief details of any losses sustained during the past five (5) years and before application of any deductible, retention or excess whether insured or not. (Please include date discovered, location, nature of loss and amount.)
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(b) Please describe what corrective measures were taken to prevent similar losses.
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Additional Information

44. We require you to disclose all relevant facts of which we should be aware before deciding whether to provide you or the company with insurance cover and if so on what terms. Therefore, please advise us of any additional relevant information not already disclosed to us.
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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.



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:

Title _____ (_____

Dated: _____ / _____ / 200_____ / _____ / 200_____

Name: _____

Company: _____

SIGNING THIS PROPOSAL DOES NOT BIND THE PROPOSER TO COMPLETE THIS INSURANCE.