



P.I.DIRECT
INSURANCE BROKERS

Professional Indemnity Proposal Form

for

Financial Planners

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NOTICE TO INSURED
(Pursuant to the provisions of the Insurance Contracts Act 1984)

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 which 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, on what terms.

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

Your duty however does not require disclosure of a matter:-

- that diminishes the risk to be undertaken by the insurer
- that is common knowledge
- that the insurer knows or, in the ordinary course of business as an insurer, 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 policy is a claims made policy of insurance. This means that the policy covers you for claims made against you and notified to the Insurer during the period of insurance. The Policy does not provide cover in relation to:

- events that occurred prior to the retroactive date, if any, specified in the Policy;
- claims notified or arising out of circumstances notified under any previous policy (whether made or issued by the Insurer or any other insurer);
- claims made against you prior to commencement of the period of insurance;
- claims arising out of claims and circumstances noted on the proposal form for the current period of insurance or on any previous proposal form;
- subject to what is said in the next paragraph, claims made after expiry of the period of insurance even though the event giving rise to the claim may have occurred during the period of insurance.

However, where you give notice in writing to the Insurer of facts that might give rise to a claim against you as soon as reasonably practicable after you become aware of those facts but before expiry of the period of insurance, the policy will, subject to its terms and conditions, cover you notwithstanding that a claim is only made after expiry of the period of insurance.

Average Provision

The Insurer provides that if a payment in excess of the limit of indemnity available under the policy has to be made to dispose of the claim, the liability of the Insurer for costs and expenses incurred with its consent shall be such proportion thereof as the amount of indemnity available under this policy bears to the amount paid to dispose of the claim.

Surrender of Waiver of any Right of Contribution or Indemnity

Where another person or company would be liable to compensate you or hold you harmless for part or all of any loss or damage otherwise covered by the policy, but you have agreed with that person either before or after inception of the policy that you would not seek to recover any loss or damage from that person, you are not covered under the policy for any such loss or damage unless the agreement of the Insurer is obtained beforehand.

Important Information: Please complete all questions fully. If there is insufficient space provided to answer please provide details on your letterhead.

Section 1. Your Details.

1.1 **Please provide the full legal name of all entities to be insured under the Policy:**

(It is important you include all service, administration or nominee companies)

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1.2 **Trading Name:**

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1.3 **ABN:**

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1.4 **Date established:**

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1.5 **Your Contact details:**

Address:

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Telephone Number:

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Fax:

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Mobile:

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Email Address:

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Web Site:

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Address of any Branch or other offices:

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1.6 **Principals/ Partners / Directors**

Name	Qualification	Date Obtained	Years as a Principal	
			This Practice	Previous Practice

1.7 **Staff Numbers**

Principals/Partners/Directors

Qualified Staff

Administrative Staff

Other Staff

Total Staff

1.8 Are you a current financial member in good standing of a Professional Association?

Yes No

If Yes, please provide details of the Associations to which you belong:

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1.9 Please provide the AFS Number under which you operate:

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Section 2. Your Business

General Business Questions:

- 2.1 Has the name of your business ever changed? Yes No
- 2.2 Have you ever amalgamated or merged with another business? Yes No
- 2.3 Have you purchased any other business or practice? Yes No

If you have answered **Yes** to any of these questions please provide details:

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- 2.4 Does any partner, principal or director of the Insured detailed in answer to Question 1 of this proposal have any connection or association (financially or otherwise) with any other business or practice? Yes No

If Yes, please provide full details:

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- 2.5 Please provide a precise description of your business activities:

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2.6 Please provide details of your 5 largest contracts:

Brief Description of Contract	Income \$Aus

2.7 Does any single client represent more than 25% of your total activities?

Yes No

2.8 Has there been any substantial changes in your business activities in the past 12 months?

Yes No

2.9 Do you anticipate any substantial changes in your business activities in the next 12 months?

Yes No

If you have answered Yes to any of Questions 2.7, 2.8 or 2.9 please provide full details.

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2.10 Do you engage sub contractors?

Yes No

If Yes, do you insist they carry their own Professional Indemnity Insurance?

Yes No

2.11 Are verbal reports always confirmed in writing? Yes No

If No, please advise details of how these reports are substantiated.

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2.12 Do you perform work outside Australia, or work for clients located overseas?

Yes No

If Yes, please provide details.

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For Sole Proprietors ONLY (otherwise please proceed to Question 2.15)

2.13 Please provide details of the length of service and experience of your assistants.

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2.14 Please provide details of the arrangements you have in place to assist you during temporary absences?

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2.15 Do you operate as:

(a) A Licensed Dealer? Yes No

(b) An Authorised Representative? Yes No

If an Authorised Representative, please advise who for:

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2.16 Please provide a split of your income derived from the following activities:

Financial Planning. (including superannuation) %
Life Insurance as a Licence Holder %
Life Insurance as an AFS Licensed Representative %
General Insurance (as an authorised rep or broker) %
Mortgage Origination / Broking %
Finance Broking %
Other (please provide details) %
Total:	100 %

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

Dealing in Listed Securities %
Dealing in Unlisted Securities %
Dealing in Foreign Securities %
Investments in Australian Unit Trust	
(i) Cash Management Trusts %
(ii) Equity Trusts %
(iii) Property Trusts – Listed or Unlisted %
Investment in Foreign Unit Trusts %
(Please provide details)	
Investment in Bonds	
(i) Government Bonds %
(ii) Insurance Bonds %
(iii) Other Bonds %
Dealing in Commodities (Futures or Physicals) %
Investment in Tangibles (eg: coins, fine arts, gems) %
Institutional Fund Management %
Margin Lending or Gearing %
Derivatives %
Managed Investment Schemes %
Other (please provide details) %
Total:	100 %

2.18. Please provide a breakdown of the relative size of your client's financial planning portfolios

Size of Client's Portfolio.	Approx. Number of Clients
Up to \$100,000
\$100,001 to \$500,000
\$500,001 to \$1,000,000
Above \$1,000,000

Please complete Questions 2.19 to 2.26 ONLY if you are involved in these activities. If not please move to the next section.

Margin Lending

2.19 What is the maximum of your clients overall portfolio you recommend they place via margin lending?%

2.20: Do you require the investor to sign a disclosure statement?

Yes No

2.21: Please provide details of:

- (i) Procedures for determining an investor's suitability for margin lending / gearing.
- (ii) Any maximum gearing ratios you impose.
- (iii) Any diversification requirements you impose.
- (iv) Details of delegation controls for this product. This should include minimum training & qualifications to deal with these investments.

2.22 Do you provide taxation advice on the implications of margin lending?

Yes No

2.23 Please provide details of your delegation controls for these products including minimum qualifications, experience, product training required.

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Discretionary Portfolio Management.

2.24 Do you obtain a written client mandate to provide these services?
Yes No

If Yes, please provide a copy.

2.25 Please advise the number of clients for whom you provide this service:
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2.26 Please advise the current amount of funds invested on this basis:
\$.....

Section 3. Your Risk Management Program.

3.1 Do you have a documented Risk Management program? Yes No
If Yes, when was the program implemented?

3.2 Is one Director / Partner / Principal responsible for the implementation and communication of the program?
Yes No

3.3 Does your Risk Management Program include regular internal / external audits or reviews?
Yes No

3.4 Is the program communicated to and available to all staff? Yes No

3.5 Do you conduct risk appraisal / needs analysis for all financial planning clients and present them with a written plan for their agreement?
Yes No

3.6 Do you conduct random audits on your clients' existing portfolios? Yes No

If Yes, please advise:

a) How often you conduct these audits?

b) Who conducts these audits?

3.7. Please provide details of your guidelines and procedures for determining the products to be included on or removed from your approved products list.

3.8. How often is your Approved Products List reviewed?

Section 4. Your Financial Details:

4.1 Please advise the total annual gross professional fees for:

	Australia	Overseas
Previous 12 Months:
Current 12 Months:
Estimate for 12 Months:

4.2 **Stamp Duty Split:**

Please provide the approximate percentage of your activities (based on fee income) applicable to each State or Territory.

NSW	VIC	QLD	SA	NT	WA	ACT	TAS	O / S	Total

4.3 Are the total assets of your company greater than \$5,000,000? Yes No

Section 5. Your Claims History

- 5.1 After enquiry, have any claims for negligence or breach of professional duty been made against your business or practice or any of its predecessors in business or any prior business or practice or any of its present or former Partners, Principals or Directors or has any fact or circumstance been notified to the insurers that has the potential to give rise to such a claim?

Yes No

If Yes, please provide full details:

Date Notified	Name of Claimant	Brief Description of matter	Quantum	Status

- 5.2 After enquiry, are any of the partners, principals or directors aware of any fact or circumstance which has the potential to give rise to a claim against your business or practice or any business or practice of any of their present or former partners, principals or directors which is not referred to in Question 5.1 above?

Yes No

If Yes, please provide full details including:

Date First became aware of matter	Name of Potential Claimant	Brief Description of matter	Quantum

5.3 Has any Partner, Principal, Director or staff member ever been subject to disciplinary proceedings for professional misconduct?

Yes No

If Yes, please provide details:

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5.4 After enquiry, are any Partners, Principals, Directors or staff members aware of any enquiry, professional disciplinary proceedings or similar process connected to your business which they, or any other member may be required to attend?

Yes No

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Section 6. Your Insurance History

6.1 Is this a renewal of PI Direct? Yes No

If the answer is **NO** and you currently hold Professional Indemnity Insurance please complete the following:

Name of Insurer:

Expiry Date:/...../.....

Limit of Indemnity:

Premium: \$.....

6.2 Has the firm, any partner, principal or director ever been refused this type of insurance, had special terms imposed, had a policy cancelled or had an application for renewal declined?

Yes No

If Yes, please provide details:

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Section 7. Your Cover Application

7.1 **Limit of Indemnity Options:**

- \$1,000,000 \$2,000,000 \$3,000,000
\$4,000,000 \$5,000,000 Other.
(Please specify)

7.2 **Preferred Deductible Options:**

7.3 **Do you require?**

- (a) A Reinstatement of Aggregate Limit of Indemnity Yes No
(b) Fidelity Yes No
(c) Partners Previous Business Yes No

7.4 If you require **Fidelity Cover** please complete the following questions:

- (a) Do you always obtain satisfactory references before hiring employees?
Yes No
- (b) Do you require more than one member of staff to sign cheques, handle cash or transferable documents?
Yes No
- (c) Is the bank reconciliation conducted by someone not authorised to deposit into or withdraw from the bank accounts?
Yes No

If the answer to any of Questions 7.4 is No, please provide further details in the space below:

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7.5 If you require Partners Previous Business cover please advise:

Names of Partners / Principals / Directors	Name of Previous Practice	Period Practising as a Partner / Principal / Director

Section 8. Additional Requirements

Please provide the following documents as separate attachments:

1. Curriculum Vitae for all directors and your nominated Complaints & Compliance Officers.
2. A copy of current "Approved Products List".
3. Details of procedures in place to select, determine and approve investment products and services and the procedures in place for the monitoring of these products and services.
4. A copy of your Complaints Register for the past two years.
5. A copy of your Financial Services Guide.
6. A copy of the last Compliance Audit Report.

If cover is required for Approved Authority Holders in addition to cover for the principals and employees, please provide:

1. Details of your processes & procedures for recruiting, training & monitoring your Approved Authority Holders
2. Copies of Curriculum Vitae for all Authority Holders seeking cover under this Policy

PRIVACY ACT CLAUSE

PI Direct Insurance Brokers Pty Ltd is committed to protecting the privacy of the personal information you provide us. PI Direct collects, uses and retains your personal information in accordance with the National Privacy Principles.

We need to collect the personal information on the applicable proposal form to consider your application for insurance and to determine the premium (if your application is accepted) when you are applying for, changing or renewing an insurance policy with us. This information will also be used if you lodge a claim under your policy. We may also need to request additional information from you in connection with your application or a claim.

If you do not provide us with this information, or any additional information we request, we may not be able to process your application or offer you insurance cover or respond to any claim.

We may disclose the personal information we collect:

- To our relevant employees involved in delivering our services;
- If your insurance broker collects this form from you, to that broker;
- To facilitators such as legal firms, professional experts such as accountants, actuaries, engineers and technology experts;
- To the insurance companies with whom we transact business;
- To the Lloyd's Syndicates we represent (which are located in the United Kingdom) ;
- To insurance reference bureaux or credit reference bureaux;
- To reinsurers or reinsurance brokers (which may include reinsurers located outside of Australia).

Where we do disclose the information as above the recipient may hold the information in accordance with its own privacy statement / policies. Those may include, by way of example, disclosing the information to and storage of that information by its associated entities which may be located overseas. Full details can be found on the recipient's website. However, we can also provide a copy to you on request.

We may also be required to provide your personal information to others for purposes of public safety and law enforcement and if required by law or by a law enforcement body to do so.

You may request access to your personal information, and where necessary, correct any errors in this information (some restrictions and costs may apply).

By completing and returning the proposal form and/or providing us with any additional information in connection with your application, you agree to us using and disclosing your information as set out above.

This consent to the use and disclosure of your personal information remains valid unless you alter or revoke it by giving us written notice.

From time to time, we may use your personal information to send you details of new insurance products or other insurance related information that may be of interest to you. If you do not wish to receive such information, please contact our General Manager or Operations Manager on (07) 3387 2800.

If you would like to access a copy of your personal information or you wish to correct or update your personal information, please also contact us on (07) 3387 2800 or email pidirect@pidirect.com.au.

DECLARATION

I/We declare and warrant that all the statements and particulars here given are true and that no information whatever has been withheld which might influence a prudent Insurer's judgement and the acceptance of this Proposal. Should the above particulars alter in any way, I/We will advise Insurers as soon as possible.

I/We understand that failure to disclose any material facts which would be likely to influence the acceptance and assessment of the Proposal may result in Insurers refusing to provide indemnity or voiding the policy in every respect.

I/We hereby agree that this Declaration shall be the basis of the contract between me/us and Insurers.

Name of Proposer

Signed by / on behalf of all Partners / Directors / Principals

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Dated