

# PROPOSAL FORM

## INVESTMENT MANAGERS LIABILITY INSURANCE



### The following documents must be submitted with this proposal form:

- (a) The annual report and financial statements of the FUND MANAGER for the last three years;
- (b) Any PDS / Prospectus-type document issued in the last three years;
- (c) Management Agreements (if applicable);
- (d) FUND Performance for the past five years;
- (e) A Sample compliance plan;
- (f) CV's of Key Personnel;
- (g) Business plan if start-up operation

### Proposal Form

1. All questions must be answered giving full and complete answers.
2. Please ensure that this Proposal Form is Signed and Dated.
3. This document is designed to be completed electronically.

**LAUW**

LONDON AUSTRALIA UNDERWRITING



**IMPORTANT NOTICES**

**THIS POLICY**

This policy is an important document. The policy wording and schedule together set out the cover provided, the amount insured and the terms and conditions of your insurance. Please read it carefully and keep it in a safe place.

London Australia Underwriting Pty Ltd, ABN 40 114 962 435, is a coverholder for certain **Underwriters** at Lloyd's. London Australia Underwriting Pty Ltd has the authority to bind this Policy on their behalf.

**YOUR DUTY OF DISCLOSURE**

Before you enter into an insurance contract, you have a duty to tell us anything that you know, or could reasonably be expected to know, may affect our decision to insure you and on what terms.

You have this duty until we agree to insure you.

You have the same duty before you renew, extend, vary or reinstate an insurance contract.

You do not need to tell us anything that:

- reduces the risk we insure you for; or
- is common knowledge; or
- we know or should know as an insurer; or
- we waive your duty to tell us about

**IF YOU DO NOT TELL US SOMETHING**

If you do not tell us anything you are required to, we may cancel your contract or reduce the amount we will pay you if you make a claim, or both.

If your failure to tell us is fraudulent, we may refuse to pay a claim and treat the contract as if it never existed.

**CLAIMS MADE POLICY**

This Policy operates on a claims made and notified basis. This means that the Policy provides cover for **Claims** first made and **Notified** during the **Policy Period**, subject to the terms and conditions of the Policy.

The Policy does not provide cover in relation to Known Facts (as set out in the relevant exclusion) nor in relation to any actual or alleged act, error, omission or event before the Retroactive Date (if any) specified in the schedule (as set out in the relevant exclusion).

Where you give notice in writing to us of any facts that might give rise to a claim against you as soon as reasonably practicable after you become aware of those facts but before the expiry of the **Policy Period**, you may have rights under Section 40(3) of the Insurance Contracts Act 1984 to be indemnified in respect of any claim subsequently made against you arising from those facts notwithstanding that the claim is made after the expiry of the **Policy Period**. Those rights are in addition to any rights that you may have under the Policy.

**CONTINUITY CLAUSE**

Where the word "policy" appears herein, the word "certificate" shall be deemed to be substituted therefore where the context allows.

**GOVERNING LAW AND SERVICE OF SUIT**

**Underwriters** hereon agree that:

(a) in the event of a dispute arising under this Insurance, the **Underwriters** at the request of the **Insured** will submit to the jurisdiction of any competent Court in the Commonwealth of Australia. Such dispute shall be determined in accordance with the law and practice applicable in such Court.

(b) any summons notice or process to be served upon the **Underwriters** may be served upon the Lloyd's General Representative in Australia, Suite 2, Level 9, 1 O'Connell Street, Sydney, NSW 2000, who has authority to accept service and to enter an appearance on the **Underwriters'** behalf, and who is directed at the request of the Insured to give a written undertaking to the **Insured** that he will enter an appearance on the **Underwriters'** behalf.

(c) If a suit is instituted against any one of the **Underwriters**, all **Underwriters** hereon will abide by the final decision of any such Court or any competent Appellate Court.

**GENERAL INSURANCE CODE OF PRACTICE**

LAUW and **Underwriters**, through Lloyd's, proudly support and agree to comply with the Insurance Council of Australia's General Insurance Code of Practice, except in relation to any claims adjusted outside Australia. The terms of the Code require us to be open, fair and honest in our dealings with you.

Any enquiry or complaint relating to this Insurance should be referred to the **Underwriters** in the first instance. If this does not resolve the matter or you are not satisfied with the way a complaint has been dealt with, you should write to the Lloyd's **Underwriters'** General Representative in Australia, Suite 2, Level 9, 1 O'Connell Street, Sydney, NSW 2000, who will refer your dispute to the Policyholder and Market Assistance Department at Lloyd's of London. Complaints that cannot be resolved by the Policyholder and Market Assistance Department at Lloyd's of London may be referred to an appropriate external dispute resolution service. Further details will be provided at the appropriate stage of the complaints process.

**PRIVACY NOTICE**

LAUW and **Underwriters** are committed to compliance with the provisions of the Australian Privacy Principles and the Privacy Act 1988 (Commonwealth). In order for **Underwriters** to assess the risk of and provide you with insurance products and assess and manage any claims under those products, it is necessary to obtain personal information from you. If you do not provide us with this information, this may prevent **Underwriters** from providing you with the products or services sought.

If you provide us with information about someone else, you must obtain their consent to do so. LAUW and **Underwriters** may disclose your information to other insurers, their reinsurers, and insurance reference service or other advisers used by **Underwriters** or LAUW on behalf of **Underwriters** such as loss adjusters, lawyers or others who may be engaged to assist in claims handling, underwriting or for the purpose of fulfilling compliance and/or regulatory requirements. These third parties will all be contractually required to adhere to **Underwriters'** privacy obligations.

Our privacy policy contains information about how you can access the information we hold about you, ask us to correct and how you may make a privacy related complaint. You can obtain a copy of our privacy policy at <http://www.lauw.com.au/privacy-policy.php>.

Should you require access to your personal information, **Underwriters** may be contacted on (02) 8912 6400.

**A. INFORMATION ABOUT THE COMPANY**

**1.** Company name:

**2.** Address:

**3.** Country or State of registration:

**4.** Web-site address:

**5.** If the Company stated in A. Question 1 above is a subsidiary of another company, please state the name and address of the ultimate Holding Company:



**6.** Date since the Company has continuously carried on business:

**7.** Provide a complete list of all Subsidiary Companies to be covered hereunder (unless shown in the latest annual report and financial statements attached to this proposal):

More than 4 Subsidiary Companies (Please attach listing)

| Subsidiary Company | (a) Country of Registration | % owned by Company |
|--------------------|-----------------------------|--------------------|
|                    |                             |                    |
|                    |                             |                    |
|                    |                             |                    |
|                    |                             |                    |

**B. OUTSIDE DIRECTORSHIPS**

**8.** Is cover required under this policy for Directors or Officers of the Company or of its subsidiary companies whilst holding Directorships in any other companies?  
 **Yes**    **No**   If Yes, please complete Appendix 1:

**C. OWNERSHIP**

**9.** How many shareholders does the Company have?

**10.** Are there any shareholders who own 15% or more of the issued shares?  
 **Yes**    **No**  
 If Yes, please detail the shareholders and percentages owned:

**11.** Total number of shares held by Directors and Officers (both directly and beneficially):

**D. AFSL LICENCE**

**12.** Is the Fund Manger authorised under any Governmental Act or statutory directive to conduct Managed Investment activities in Australia or elsewhere?  
 **Yes**    **No**  
 If Yes, please provide licence number:

**E. USA/CANADA**

**13.** Does the Proposer have any assets or employees in the USA/ Canada?  
 **Yes**    **No**  
 If Yes, please provide details:

**F. CHANGES AT THE COMPANY**

During the past 36 months has:

**14.** Any acquisitions or disposals involving the Company taken place?  
 **Yes**    **No**  
 If Yes, please provide details:

**15.** The Company merged with any other entity?  
 **Yes**    **No**  
 If Yes, please provide details:

**16.** The Company changed its capital structure?

Yes  No

If Yes, please provide details:

  

**17.** Has the Company, within the past 18 months, filed any registration statement for a public offering?

Yes  No

If Yes, please provide details:

  

**18.** Has the Company, within the past 18 months, issued any shares (common or otherwise)?

Yes  No

If Yes, please provide details:

  

**G. FUTURE CHANGES**

**19.** Considering any offering or share issue in the next 12 months?

Yes  No

If Yes, please provide details:

  

**20.** Currently considering any acquisition, tender offer or merger?

Yes  No

If Yes, please provide details:

  

**21.** Aware of any proposal relating to its acquisition by another company?

Yes  No

If Yes, please provide details:

  

**22.** Intending a new public offering of securities within the next 12 months?

Yes  No

If Yes, please provide details:

**H. COMPLIANCE / AUDIT**

**23.** Does the Proposer have a Compliance Committee with majority external members?

Yes  No

If No, please confirm why not:

If Yes, please confirm the names of the independent members:

**24.** State the firm that audits the Compliance plan:

**25.** State the firm that audits:

a. The Fund

b. The Compliance Plans

c. The Fund Manager

**26.** Does the Proposer have an Internal audit department?

Yes  No

If Yes, what is the frequency of the audit?

**27.** Are audits undertaken on a surprise basis?

Yes  No

**28.** Are all recommendations from both internal and external audits implemented?

Yes  No

If Yes, please provide details:



**29.** Briefly describe the role of the Compliance function (both Pre-Trade and Post-Trade) in identifying any breach of investment mandate:




**I. FEE INCOME**

**30.** Total fee income for the past three years from Investment Management activities.

| As at: | AUD \$: | As at: | AUD \$: | As at: | AUD \$: |
|--------|---------|--------|---------|--------|---------|
|        |         |        |         |        |         |

**31.** Any other income for the past three years (please confirm source, ie interest income)

| As at: | AUD \$: | Source: | As at: | AUD \$: | Source: | As at: | AUD \$: | Source: |
|--------|---------|---------|--------|---------|---------|--------|---------|---------|
|        |         |         |        |         |         |        |         |         |

**J. INTERNAL PROCEDURES**

**32.** Does the Proposer have procedures for Investment decisions and executing when a portfolio manager is not available?

Yes  No

Please provide details:

**33.** Does the Proposer when recruiting to positions of trust undertake independent checks of their employment history?

Yes  No

**34.** Are new employees subject to a credit and/or background check prior to hiring?

Yes  No

**35.** Are Custodian duties outsourced?

Yes  No

If Yes, please provide details:

**K. FUND/S**

Please complete Appendix 2

**36.** Does any investor at the time of signing this Proposal hold greater than 10% of the total Fund Assets in any single Fund?

Yes  No

If Yes, please provide details:

**37.** Are any Investors in the funds domiciled in the USA/Canada?

Yes  No

If Yes, please provide details and percentages:

**38.** Has any fund had a drop in the NAV during any given 12 months exceeding 25% of its original NAV?

Yes  No

If Yes, please provide details:

**39.** Have there been any changes or modifications in the investment restrictions or limitations of any fund within the past three years?

Yes  No

If Yes, please provide details:

**40.** Has any fund for which cover is required been subject to a regulatory review?

Yes  No

If Yes, please provide details:



**L. LEGAL**

**41.** State the name and address of Lawyers' routinely acting for the Proposer:

**M. ELECTRONIC SECURITY**

**42.** Does the Proposer have a full disaster recovery plan?

Yes  No

If Yes, please provide details:

**43.** Has it been reviewed and approved by the regulatory authorities/external auditors?

Yes  No

**44.** Does the Proposer undertake Stress Testing of systems?

Yes  No

a. How frequently?

b. Are such tests utilised after all significant changes to the Proposer's systems?

Yes  No

**N. INVESTMENT MANAGERS INSURANCE**

**45.** Has Professional Indemnity, Directors and Officers Liability or Crime/Fidelity Insurance been carried during the past 3 years?

Yes  No

If Yes, please complete table below:

|                           | PI | D&O | Crime |
|---------------------------|----|-----|-------|
| The name of the Insurers: |    |     |       |
| The period of the policy: |    |     |       |
| The Indemnity Limit:      |    |     |       |

**46.** As far as is known, have the Proposers ever been refused this type of insurance or had a similar insurance cancelled?

Yes  No

If Yes, please provide details:

**O. ENTITY EPL**

**47.** Does the Proposer require Entity Employment Liability coverage:

Yes  No

**If Yes, please complete Questions 48-54 below.**

**48.** Does the Proposer have written procedures, contracts of employment, personnel files, and employee handbook?

Yes  No

If Yes, please provide details:

**49.** Does the Proposer minute all grievance and disciplinary hearings?

Yes  No

If Yes, please provide details:

**50.** Does the Proposer expect there to be any redundancies or other reductions amongst its employees in the next 12 months?

Yes  No

If Yes, please provide details:



**51.** Have more than 10% of the Proposer's employees resigned, been made redundant or been dismissed during the last 12 months?

Yes  No

If Yes, please provide details:

**52.** Does the Proposer plan to make any amendments to the employee benefits package in the next 12 months or has it done so during the last 12 months (salary increases excluded)?

Yes  No

If Yes, please provide details:

**53.** List the number of employees with base annual salaries falling into the following bands:

| \$0 to \$50,000 per annum: | \$50,001 to \$100,000 per annum: | \$100,001 to \$200,000 per annum: | Above \$200,000 per annum: |
|----------------------------|----------------------------------|-----------------------------------|----------------------------|
|                            |                                  |                                   |                            |

**54.** Has the Proposer ever had an insurer decline a proposal, or cancel or refuse to renew an Entity EPL Insurance Policy?

Yes  No

If Yes, please provide details:

### P. CLAIMS / LOSS DETAILS

**55.** If a similar insurance to that now proposed had been or were now in effect would any claim which has been made or which is now pending against any persons proposed for insurance have fallen within the scope of such insurance?

Yes  No

If Yes, please provide details:

**56.** Has the company ever been the subject of an investigation by a Regulatory body?

Yes  No

If Yes, please provide details:

**57.** Is any person proposed for insurance aware, AFTER ENQUIRY, of any circumstances or incident which he/she has reason to suppose might afford grounds for any future claim such as would fall within the scope of the proposed insurance?

Yes  No

If Yes, please provide details:

### Q. PROPOSED INSURANCE

**58.** Aggregate Indemnity Limit required, please indicate:

\$1,000,000  
  \$2,000,000  
  \$5,000,000  
  \$10,000,000  
  Other, please state: \_\_\_\_\_

### R. STAMP DUTY SPLIT

**59.** For the purpose of calculating Stamp Duty please confirm the number of employees in the relevant State of Australia:

| NSW | VIC | QLD | SA | WA | TAS | ACT | NT | Overseas |
|-----|-----|-----|----|----|-----|-----|----|----------|
|     |     |     |    |    |     |     |    |          |

**S. DECLARATION**

We declare that the above answers, statements, particulars and additional information are true to the very best of the knowledge and belief of the Proposer. After full enquiry, We also confirm that We have disclosed all information and material facts that may alter the Underwriters' view of the risk, or affect their assessment of the exposures they are covering under the policy. We understand that all answers, statements, particulars and additional information supplied with this proposal form will become part of and form the basis of the policy.

I/We acknowledge that we have read and understood the content of the Important Notice contained in this proposal.

This proposal must be signed by a senior owner, Partner, Officer or Director of the company and at least one other Officer authorised to sign on behalf of the company.

|           |                      |          |                      |         |                      |
|-----------|----------------------|----------|----------------------|---------|----------------------|
| Name:     | <input type="text"/> | Date:    | <input type="text"/> | Signed: | <input type="text"/> |
| Capacity: | <input type="text"/> | Company: | <input type="text"/> |         |                      |

|           |                      |          |                      |         |                      |
|-----------|----------------------|----------|----------------------|---------|----------------------|
| Name:     | <input type="text"/> | Date:    | <input type="text"/> | Signed: | <input type="text"/> |
| Capacity: | <input type="text"/> | Company: | <input type="text"/> |         |                      |

**APPENDIX 1 – OUTSIDE DIRECTORSHIPS**

|    | Name of Outside Entity | Country of Incorporation | Name/s of Director Involved | Activity | Does the outside entity currently carry D&O Insurance?      | a) Who is the Insurer?<br>b) What is the limit of indemnity?<br>c) What is the relevant Policy Number? |
|----|------------------------|--------------------------|-----------------------------|----------|---|--|
| 1. |                        |                          |                             |          | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | a)<br>b)<br>c)   |
| 2. |                        |                          |                             |          | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | a)<br>b)<br>c)   |
| 3. |                        |                          |                             |          | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | a)<br>b)<br>c)   |
| 4. |                        |                          |                             |          | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | a)<br>b)<br>c)   |
| 5. |                        |                          |                             |          | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | a)<br>b)<br>c)   |
| 6. |                        |                          |                             |          | <input type="checkbox"/> Yes<br><input type="checkbox"/> No | a)<br>b)<br>c)   |

**APPENDIX 2 – SCHEDULE OF FUNDS AND MANDATES**

|    | Fund / Mandate Name | Date Established | Asset Size | Nature of Fund Assets | Wholesale / Retail  | Listed / Unlisted  | Current Gearing Level | Minimum Investment Required | Average Investment Received |
|----|---------------------|------------------|------------|-----------------------|---|--|-----------------------|-----------------------------|-----------------------------|
| 1. |                     |                  |            |                       | <input type="checkbox"/> Wholesale<br><input type="checkbox"/> Retail | <input type="checkbox"/> Listed<br><input type="checkbox"/> Unlisted |                       |                             |                             |
| 2. |                     |                  |            |                       | <input type="checkbox"/> Wholesale<br><input type="checkbox"/> Retail | <input type="checkbox"/> Listed<br><input type="checkbox"/> Unlisted |                       |                             |                             |
| 3. |                     |                  |            |                       | <input type="checkbox"/> Wholesale<br><input type="checkbox"/> Retail | <input type="checkbox"/> Listed<br><input type="checkbox"/> Unlisted |                       |                             |                             |
| 4. |                     |                  |            |                       | <input type="checkbox"/> Wholesale<br><input type="checkbox"/> Retail | <input type="checkbox"/> Listed<br><input type="checkbox"/> Unlisted |                       |                             |                             |
| 5. |                     |                  |            |                       | <input type="checkbox"/> Wholesale<br><input type="checkbox"/> Retail | <input type="checkbox"/> Listed<br><input type="checkbox"/> Unlisted |                       |                             |                             |
| 6. |                     |                  |            |                       | <input type="checkbox"/> Wholesale<br><input type="checkbox"/> Retail | <input type="checkbox"/> Listed<br><input type="checkbox"/> Unlisted |                       |                             |                             |
| 7. |                     |                  |            |                       | <input type="checkbox"/> Wholesale<br><input type="checkbox"/> Retail | <input type="checkbox"/> Listed<br><input type="checkbox"/> Unlisted |                       |                             |                             |