



## Proposal Form

# CorporateGuard Financial Institutions Professional Indemnity Insurance

### **This Is A Claims Made Policy - Please Read Carefully**

**Notice: The Limit of Liability available to pay Judgments or settlements shall be reduced by amounts incurred for defence costs. Amounts incurred for defence costs shall be applied against the deductible amount. Also note that the insurer has the right, but not the duty to defend the Insured, However, the Insurer may advance defence costs prior to the final disposition of a claim.**

**If a policy is issued the Proposal form will be attached thereto and made a part of the policy so it is necessary that all questions be answered in detail.**

- A. Answer all questions for all potential Insureds on a combined basis, leaving no blank spaces.
- B. If you have insufficient space to complete any of your answers, continue on your headed paper.
- C. This form must be dated and is to be signed by two Directors of the Proposer.
- D. It is the intention of the Insurer that any contract of insurance with the Proposer shall be based upon the answers and information provided in this Proposal Form and any other additional information provided by the Proposer. If a quotation is offered it will be the intention of the Insurer to offer coverage only in respect of those entities named in answer to question 1.
- E. Manifestly it is not the intention of the Insurer or the Proposer to cover the hazards of trading: To do so would be to translate the role of the Insurer into that of co-venturer with the right to participate in trading profits. This is a statement of intent and shall not be construed to broaden the cover provided by the policy terms and conditions.

### **Attach Copies of the Following:**

- a. Proposer's latest audited annual report;
- b. Copy of brochure and sample contract offered to clients;
- c. Information indicating overall portfolio performance for past five years (or any similar information available) and include comparative results to New Zealand indices (or applicable indices);
- d. Prospectus and audited annual report for each Investment Company/Unit Investment Trust for which the Proposer acts as Investment Adviser;
- e. List of Proposer's Subsidiaries and related entities, including Agencies and Branches.



1. State the name and address of the Proposer and the date of establishment. Also, list all Subsidiaries for which cover is requested indicating each Subsidiary's address and date of establishment.

(a) Proposer \_\_\_\_\_

(b) Address \_\_\_\_\_

(c) Date Established \_\_\_\_\_

(d) Name of Subsidiary	Address	Date Established
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_____	_____	_____
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_____	_____	_____
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_____	_____	_____
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2. Does the Proposer have a parent (ownership of more than 50% of Proposer)? Yes / No

If "yes", please supply full details and attach parent's latest audited annual report.

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Please provide an organisational chart of the Proposer and any Subsidiaries listed above showing the operating structure of each company.

3. (a) Has the Proposer been involved in any mergers, acquisitions, consolidations and/or divestitures during the last five years?

Yes / No

If "yes", please supply full details.

\_\_\_\_\_

\_\_\_\_\_

- (b) Are any plans for merger, acquisition, consolidation and/or divestiture being considered?

Yes / No



4. Financial Information (state the following as of the dates indicated):

	Currently or at Date of last Interim Report	At last Year End	At Previous Year End
(a) Authorised Capital			
(b) Paid Up Capital			
(c) Total Assets			
(d) Total Loans & Discounts			
(e) Total Funds under Discretionary			
(f) Total Profit before Tax			
(g) BIS Ratio:			
Tier One			
Tier Two			

Note: The last Annual Statement and Report and any interim issued since must be submitted with this Proposal.

5. In the last financial year, what approximate percentage of the Proposer's total revenues was derived from the following activities?

(a) Loans, Leases or Extensions of Credit		
Commercial:	Domestic _____%	Foreign _____%
Interbank:	Domestic _____%	Foreign _____%
Personal		_____%
(b) Trade Financing, A Forfait		_____%
(c) Barter, Counter trade or Swap Operations		_____%
(d) Foreign Exchange Dealings		_____%
(e) Commodity Market Dealings		_____%
(f) Acting as Securities Broker/Dealer		_____%
(g) Acting as a custodian or depository or managing agent for Securities or money		_____%



- (h) Act as an investment advisor, financial advisor, economic advisor or investment manager pursuant to a written contract in regard to any of the following:

Mergers and Acquisitions \_\_\_\_\_ %

Share Placing and New Issues \_\_\_\_\_ %

Venture Capital \_\_\_\_\_ %

Other (describe) \_\_\_\_\_ %

- (i) Administration of trusts, estates or guardianships within the Proposer's Trust Department \_\_\_\_\_ %

- (j) Acting as a trustee under bond indenture \_\_\_\_\_ %

- (k) Individual asset management or fund management \_\_\_\_\_ %

- (l) Overseas Advisory (if applicable, attach separate sheet stating which countries are covered) \_\_\_\_\_ %

- (m) Administration of pension or retirement accounts \_\_\_\_\_ %

- (n) Acting as a receiver, trustee in bankruptcy or assignee for the benefit of creditors \_\_\_\_\_ %

- (o) Administration of a programme of securities lending (using client's securities) \_\_\_\_\_ %

- (p) Acting as a dividend disbursing agent, exchange agent, redemption or subscription agent, warrant or scrip agent, fiscal or paying agent, tax withholding agent, escrow agent, registrar, transfer agent or clearing agent, or wire transfer agent \_\_\_\_\_ %

- (q) Acting as a tax planner and/or tax preparer to trusts, estates and individuals \_\_\_\_\_ %

- (r) Acting as a real estate broker or agent or real estate appraiser and/or managing real or personal property for others, acting as an insurance agent or broker, or otherwise rendering advice or recommendations regarding insurance \_\_\_\_\_ %

- (s) Sales of travellers' cheques, certified cheques or money orders, or administration or sale of credit cards or credit card services \_\_\_\_\_ %

6. (a) Description of other services provided by Proposer or its Subsidiaries (attach separate sheet if necessary). Note, only those services listed herein shall be afforded coverage if a policy is issued, unless the Insurer agrees in writing to extend coverage for additional services.

\_\_\_\_\_  
\_\_\_\_\_



- (b) Has the Proposer or any Subsidiary provided any new services to its clients during the last three years? ..... Yes / No

If "yes", give details.

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- (c) Does the Proposer intend to offer any new services to its clients during the next 12 months?

Yes / No

If "yes", give details.

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- (d) Are all services provided to clients pursuant to a standard form of contract, agreement or letter of appointment? ..... Yes / No

If "no", give details of those services which are rendered in the absence of a written contract, agreement or letter of appointment.

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- (e) Describe the procedures adopted when client instructions are received by telephone.

Within the Commodity Department \_\_\_\_\_

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Concerning the purchase/sale of stock \_\_\_\_\_

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Within the Foreign Exchange Department \_\_\_\_\_

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In any other instance \_\_\_\_\_

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- (f) List each takeover or merger situation in which the Proposer acted on behalf of clients in the last 12 months, indicating by asterisk, on behalf of whom the Proposer was acting, and the values involved.

Offeror	Offeree	Outcome	Offer Value	Fee Income
				Total _____

- (g) List all flotations in which the Proposer acted on behalf of clients in the last 12 months, and indicate share capital involved.

Company	Share Placed	Value	Lead/Follow	% left with	Fee Income
			Underwriter	Underwriters	
					Total _____

- (h) List all rights issues in which the Proposer acted on behalf of clients in the last 12 months, and indicate share capital involved.

Company	Share Placed	Value	Lead/Follow	% left with	Fee Income
			Underwriter	Underwriters	
					Total _____



- (i) Describe the standard due diligence procedures followed when performing the functions stated in (f), (g) and (h) above, and indicate whether clients are required to review any prospectus before it is released and agree to its contents.

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7. If the Proposer undertakes trust activities or individual asset or fund management:

- (a) Are these transactions subject to the same procedures and review as the Proposer's own account transactions?

Yes / No

If "no", please describe.

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- (b) State the total asset value of trust, individual asset and fund management accounts.

- (i) Current Year          Previous Year

\$ \_\_\_\_\_ \$ \_\_\_\_\_

- (ii) Asset value of largest account \$ \_\_\_\_\_

- (iii) Total number of accounts managed \_\_\_\_\_

- (iv) Number of accounts lost during last 12 months and corresponding total asset value

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- (v) Reasons for loss of accounts \_\_\_\_\_

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- (vi) Minimum size of accounts currently accepted as new accounts \_\_\_\_\_

- (vii) How often are financial reports rendered to clients? \_\_\_\_\_

- (viii) Does the Proposer have an "approved" list of securities which can be recommended to clients? Yes / No



- (ix) Indicate the percentage of account investments in each of the following geographic regions.

New Zealand	_____ %	Australia	_____ %
United States	_____ %	Canada	_____ %
Europe	_____ %	Southeast Asia	_____ %
Far East	_____ %	Latin America	_____ %
Other	_____ %		

8. Does the Proposer use or subscribe to any Electronic Funds Transfer Systems which allow direct access by clients to the Proposer's data base?

Yes/ No

If "yes", list each system.

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- (a) Does the Proposer use or subscribe to any Electronic Funds Transfer Systems which allow direct access by clients to the Proposer's data base?

Yes/ No

If "yes", list each one, indicating whether transfer is made on a pre-format or free-format basis.

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- (b) Does the Proposer permit the initiation of Funds Transfer by telephonic instruction from clients?

Yes/ No

- (c) If "yes", do all clients to whom this facility is available complete written agreements outlining legal responsibilities, transfer limits and call back parameters for verifications?

Yes/ No

- (d) What are the call back parameters for verification? \_\_\_\_\_

- (e) Are all such instructions directed only to the Wire Transfer Room?

Yes/ No

- (f) Are all conversations including these instructions recorded?

Yes/ No





- (g) Is a written document produced in respect of each instruction, which is date/time stamped, logged and maintained for at least 90 days?

Yes/ No

9. State number of employees in following categories.

(a)

	Country	Number of Employees
(i) at Head Office		
(ii) at Computer Centre		
(iii) at Agencies & Branches		
(iv) at Subsidiaries		

- (b) What has been the percentage turnover in the following employment categories during the last 12 months?

	Inward	Outward
Directors (including those of Subsidiaries)	_____ %	_____ %
Employees	_____ %	_____ %

- (c) State the total of salaries, including commissions, paid to Directors and Employees during the last financial year.

\_\_\_\_\_

- (d) Are any Directors or Employees compensated by bonus, profit commission, or similar performance related reward which is based upon their own performance or that of a particular department/division/subsidiary (as distinguished from the Proposer as a whole)?

Yes/ No

..... If "yes", state in which departments/divisions/ subsidiaries.

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\_\_\_\_\_



10. (a) State the name and address of External Accountants.

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- (b) State the frequency of auditing services performed by the External Accountant for the Proposer.

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- (c) Does the External Accountant regularly review the system of internal controls and furnish written reports?

Yes/ No

- (d) Has the External Accountant made any recommendations in the last two audits?

Yes/ No

If "yes", state the recommendations and confirm that they have been adopted or give reasons for non compliance.

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- (e) Has the External Accountant changed in the last five years?

Yes / No

If "yes", give details and explain why the change was made.

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Attach a copy of the most recent engagement letter from the Proposer's principal External Accountant.

11. (a) State the name and address of Lawyers routinely acting for the Proposer.

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- (b) Do the Lawyers supply written opinions as to the legality of any change in investment or management policy in connection with Trusteeship activities?

Yes/ No



(c) Does the Proposer have an in-house Legal Department?

Yes/ No

If "yes", how many legally qualified individuals does it comprise?

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(d) What are the in-house Legal Department responsibilities?

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(e) Does the Proposer have a Compliance Officer?

Yes/ No

..... If "yes", state his duties and to whom he reports and attach his curriculum vitae.

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If "no", who is responsible for compliance issues?

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(f) Who has the responsibility for reviewing client contracts, agreement or letters of appointment?

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(g) Are all publications issued by the Proposer reviewed by the in-house Legal Department and/or outside Lawyers?

Yes/ No

(h) Does the in-house Legal Department offer it services to customers or other third parties?

Yes/ No

If "yes", provide complete details.

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12. (a) Does the Proposer have a written code of ethics encompassing all Directors and Employees which includes a statement on the principles of acceptable conduct, and with guidelines for acceptable outside activities, conflicts of interests, gifts from customers, and prohibition on other employment?

Yes/ No

(b) Are Directors and Employees required to agree in writing that they have read the ethics code and are abiding by said code?



Yes/ No

- (c) Does the Proposer require all Directors and Employees to declare their outside business interests and specify relationships which could lead to possible conflicts of interest?

Yes/ No

13. (a) To which regulatory authorities are the Proposer, and those Subsidiaries listed in the answer to question 1, accountable?

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- (b) Are regular examinations of the Proposer and/or Subsidiaries conducted by such authorities?

Yes / No

If "yes", please list the dates and authorities which performed the last two examinations.

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- (c) During the last five years has the Proposer received any admonishment or critical directive from any regulatory authority?

Yes/ No

If "yes", provide complete details.

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14. Does any proposed Insured have any knowledge or information, after full enquiry, of any circumstances whatsoever, which might give rise to claims being made against them?

Yes/ No

If "yes", provide complete details.

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15. Has any demand or claim of a type being the subject of this insurance been made against any proposed Insured to which this Proposal Form applies during the past five years?

Yes / No

If "yes", provide complete details.

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16. Indicate all litigation experience of the Proposer and its Subsidiaries for the last five (5) years which relate to or involve services which could be covered herein. For each such litigation, please indicate the amount of settlement and judgments paid.

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17. State details of similar insurance carried during the previous five years, if any.

(a) Professional Indemnity

- (i) Insurers 

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- (ii) Sum Insured 

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- (iii) Deductible 

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- (iv) Policy Period 

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- (v) Premium 

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(b) Directors and Officers

- (i) Insurers 

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- (ii) Sum Insured 

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- (iii) Deductible 

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- (iv) Policy Period 

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- (v) Premium 

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(c) Bankers Blanket Bond/Fidelity/In and Out Policy

- (i) Insurers 

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- (ii) Sum Insured 

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- (iii) Deductible 

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- (iv) Policy Period 

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- (v) Premium 

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- (d) Has any application or proposal for Professional Indemnity Insurance made by the Proposer or its predecessor(s) in business ever been declined?

Yes / No

If "yes", state the reasons.

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- (e) Has any Professional Indemnity Policy in the name of the Proposer or its predecessor(s) in business ever been cancelled?

Yes / No

If "yes", state the reasons.

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18. State the Limit of Indemnity required. ....



Signing this proposal does not bind the proposer or the insurer to complete this insurance.

## Declaration

**We hereby declare after due enquiry of all Directors and Officers that the information and answers given in this proposal are in every respect true and correct and that all information that may be material in considering this proposal has been fully and accurately disclosed to AIG Insurance New Zealand Limited in writing in a manner which would not mislead a prudent insurer.**

**We agree that this proposal and declaration shall be the basis of and incorporated in the insurance contract and that the insurance contract may be avoided if (amongst other things) any statement in this proposal is "substantially incorrect" and "material" as both those terms are defined in the Insurance Law Reform Act 1977.**

We undertake to inform AIG Insurance New Zealand Limited of any material alteration to the above information whether occurring before or after the completion of this insurance contract.

We authorise the disclosure of personal information held by any party regarding my previous insurances for the purposes of arranging this insurance.

We authorise AIG Insurance New Zealand Limited to give to or obtain from any other insurer or any Insurance Broker or any other party information relating to this insurance or any other insurance held by us or any claim made by us in connection with this insurance proposal.

We understand that:

- **We are obliged to advise AIG Insurance New Zealand Limited of any information which may be material to its consideration of this application. This information includes all information we know (or could reasonably be expected to know) which could influence the judgment of AIG Insurance New Zealand Limited whether or not to accept this application and (if it is accepted) on what terms, including cost and otherwise.**
- Failure to provide any of this information may result in AIG Insurance New Zealand Limited refusing to provide the insurance.

We have certain rights of access to and correction of this information, without prejudice to AIG Insurance New Zealand Limited's rights if information is inaccurate.

Signed \_\_\_\_\_

Title \_\_\_\_\_

*(to be signed by Partner/Director or Principal or equivalent)*

Company \_\_\_\_\_

Date \_\_\_\_\_

Please Note: If a policy is concluded it will be issued on a "CLAIMS MADE" basis, i.e. to indemnify the Proposer for claims first made against it in the manner described in the policy during the Policy Period.



Bring on tomorrow

### AIG Insurance New Zealand Limited

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