



Proposal Form

CorporateGuard

Investment Managers' Insurance

An Important Notice

A Your Duty of Disclosure

Before you enter into a contract of general insurance with an Insurer, you have a duty, under the Insurance Law Reform Act 1977, to disclose to the Insurer every matter that you know, or could be 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 the Insurer before you renew, extend, vary or reinstate a contract of general purpose.

Your duty however does not require disclosure of matter:-

- that diminishes the risk to be undertaken by the Insurer;
- that is of common knowledge;
- that your Insurer knows or, in the ordinary course of their business, 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 their 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.

B Utmost Good Faith

Every Insurance contract is subject to the doctrine of utmost good faith which requires that parties to the contract should act toward each other with the utmost good faith. Failure to do so on your part may prejudice any claim or the continuation of cover provided by the Insurer.

C Claims made during the Period Insurance

The Policy provides cover on a "claims made" basis, which means that claim(s) first advised to you (or made against you) during the Period of Insurance are covered, irrespective of when the incident causing the claim(s) occurred.



Bring on tomorrow

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D Non-Renewable Contract

Cover under this policy will terminate at expiry of the Period of Insurance specified in your policy document. If you wish to effect similar insurance for a subsequent period, it will be necessary for you to complete a new proposal form prior to the termination of the current policy so that terms of insurance and quotation/s can then be developed for your consideration

E Change of Risk or Circumstances

It is vital that you should advise us of any departure from your "normal" form of business (i.e. that which has already been conveyed to the Insurer). For example, acquisitions, changes in location or new overseas activities.

F Subrogation

You may prejudice your rights with regard to a claim if, without prior agreement from the Insurer, you make any agreement with a third party that will prevent the Insurer from recovering the loss from that, or another party.

Your policy contains provisions that either exclude the Insurer from liability, or reduces their liability, if you have entered into any agreements that exclude or limit your rights to recover damages from another party in relation to any loss, damage or destruction which would allow you to sustain a claim under this policy

When completing this Proposal Form:

- Please answer **all** questions giving full and complete answers.
- If the space provided on the Proposal Form is insufficient, please use a separate signed and dated sheet in order to provide a complete answer to the question.
- Please ensure that this Proposal Form is properly **signed** and **dated**.



Section 1 – General Information

1. Name of Investment Manager to be insured:
2. Contact Name:
Contact's Email Address:
3. Address:
4. Website:
5. How long has the Investment Manager continually carried on business?
6. Briefly describe the business activities of the Investment Manager:
7. Please state the number of employees of the Investment Manager:

Directors/Executives	<input type="text"/>
Full time employees	<input type="text"/>
Part time employees	<input type="text"/>
Contractors	<input type="text"/>

8. Please state the following:
 - (a) Annual fees for Investment Management activities:
 - (b) Any other income (please specify):
9. Has there been during the past three years or is there now proposed:
 - (a) Any change in the name of the Investment Manager?
 - (b) Any acquisition or merger involving the Investment Manager?
 - (c) Any subsidiary company sold or ceased trading?
 - (d) Any change in the capital structure of the Investment Manager?

Yes ☐ No ☐

Yes ☐ No ☐

Yes ☐ No ☐

Yes ☐ No ☐

If the answer to any of the above is "Yes", please give details

10. Is the Investment Manager:
 - (a) Listed on the New Zealand Stock Exchange?
 - (b) Listed on any foreign stock exchanges?
 - (c) Listed on any unlisted securities market or exempt stock exchange?
 - (d) Traded in any other way?

Yes ☐ No ☐

Yes ☐ No ☐

Yes ☐ No ☐

Yes ☐ No ☐

If the answer to (b), (c) or (d) is "Yes", please give details



11. Does the Investment Manager act as an Investment Advisor in the USA or Canada or are they registered with the SEC under the Investment Advisors Act of 1940 or any similar legislation in the USA or Canada?

Yes ☐ No ☐

If so, please provide details:

12. Does the Investment Manager have any assets, investors or business activities in the USA or Canada?

Yes ☐ No ☐

If "yes", please complete the supplementary questionnaire.

13. In respect of the Investment Manager, please list:

a. Total number of shareholders:

b. Total number of shares issued:

c. Holdings representing 10% or more of the Investment Manager's ordinary share capital:

14. Is the Investment Manager authorised under any government Act or statutory directive to conduct Managed Investment activities in New Zealand or elsewhere?

Yes ☐ No ☐

If so, with what authority?

15. Does the Investment Manager have a separate Compliance Committee set up?

Yes ☐ No ☐

If so, please give details of the committee members:

16. Do any of the Directors or Officers of the Investment Manager hold (at the specific request of the Investment Manager) any executive positions on unrelated entities?

Yes ☐ No ☐

If so, please give details:

17. Does the Investment Manager's business extend or has it ever extended to activities outside New Zealand?

Yes ☐ No ☐



If “Yes”, please state which countries were involved, what work was undertaken and what proportion of total fees/revenue were obtained from each country.

Country	Work Undertaken	Percentage of Revenue
		%
		%
		%
		%

Section 2 – Details of Investment Management

Please attach copies of the following to this Proposal Form:

- Latest audited annual report of the Investment Manager.
- Copies of any brochures or a sample contract offer to clients.
- Prospectus for each of the Funds.
- Latest audited financial statements for each of the Funds.
- Copy of the Compliance Plan of each Fund.
- Standard Contracts used for any Investment Agreement

Investment Vehicle means any Fund, Investment Agreement of similar Investment Vehicle managed or advised upon by the Investment Manager

18. Please complete the attached “Schedule of Investment Vehicles”.

19. (a) Does the Investment Manager recommend or manage investments in finance company securities, commodity futures, real estate developments, options, private placements, unregistered securities, direct placements, oils and gas joint ventures, foreign securities, limited partnerships of any type (other than commonly traded securities)?

Yes ☐ No ☐

If the answer to the above is “Yes”, please attach full details including the percentage of total assets under management.

(b) Does the investment manager invest into, originate syndicate, underwrite, rate, value, provide liquidity for, sell, or act as an agent/ broker in the sale of any of the following?

- | | |
|--|-----------------------------------|
| • Debt Securities | • Collateralized Loan Obligation |
| • Finance Company Securities | • Student Loans |
| • Residential Mortgage-Backed Securities | • Collateralized debt Obligations |
| • Residential Mortgage Loans | • Auction Rate Securities |
| • Commercial Mortgage-Backed Securities | • Credit Default Swaps |
| • Asset-backed securities | • Guaranteed Investment Contracts |
| • Credit Card Debt | |

Yes ☐ No ☐



(c) If the answer to 19(b) is "Yes", please attach full details including:

- What activities the investment manager is undertaking
- The name of the investment(s)
- The maturity date
- The credit rating
- The quantum invested

(d) If the answer to 19(c) is "Yes", has there been, or is there anticipated to be, any default, credit event, write down in value or failed auction

Yes ☐ No ☐

If the answer to the above is "Yes", please attach full details.

(e) Does the Investment Manager have any direct or indirect exposure to the Bernard Madoff or Stanford Financial Group?

Yes ☐ No ☐

If the answer to the above is "Yes", please attach full details.

20. Does the Investment Manager benchmark their investment vehicles?

Yes ☐ No ☐

If so, which benchmark(s) does it use?

21. (a) Have there been any change in investment strategy in the last 12 months?

Yes ☐ No ☐

(b) If the answer to the above is "Yes", please attach full details.

22. (a) Do you use multiple investment styles?

Yes ☐ No ☐

(b) If the answer to 22(a) is "Yes", please advise the asset allocation.

Investment Style	Current asset allocation	Asset allocation 12 months ago
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>



23. (a) To what degree does the investment manager use quantitative models?

(b) Under what circumstances can the investment manager override its quantitative model?

24. How often does the investment manager stress test its model?

25. (a) Does the investment manager engage in independent price verification?

Yes ☐ No ☐

If the answer to the above is "Yes", please provide full details.

26. (a) Can the investment manager invest in illiquid investments?

Yes ☐ No ☐

(b) If the answer to 26(a) is "Yes", how does the investment manager value illiquid investments?

Yes ☐ No ☐

27. (a) Please detail the expected redemption levels over the last 12 months.

(b) Please detail the anticipated redemption levels over the coming 3 months.

28. Does the Investment Manager have procedures for decisions and executions when a portfolio manager is not available?

Yes ☐ No ☐

If so, please briefly outline those procedures:

29. Describe how the Investment Manager protects itself from the liabilities of a previous investment advisor or Investment Manager which it has succeeded:

29. Have there been any changes or modifications in the investment restrictions or limitations of any of the Investment Vehicles during the last 2 years?

Yes ☐ No ☐

If so, please give full details:



30. Have there been any changes in the administrative operations or investment policies of any investment vehicle during the last 2 years?

Yes ☐ No ☐

If so, please give full details:

31. Does the investment manager have any contracts or documents that guarantee certain returns to investors?

Yes ☐ No ☐

If the answer to 31 is "Yes", please provide full details.

32. How is adherence to investment agreements monitored?

33. (a) Has the Investment Manager incurred, or does it expect to incur, within the next 12 months any significant realized or unrealized loss in assets held in its investment vehicles?

Yes ☐ No ☐

(b) If the answer to 33(a) is "Yes", please provide full details, including how the investment manager has ensured sufficient liquidity to meet the losses.

34. Does the Investment Manager securitize any investment?

Yes ☐ No ☐

If the answer to 34 is "Yes", please provide full details.

Section 3 –Risk Management

35 Please state the firm that audits:

(a) The Fund(s);

(b) The Compliance Plan(s);

(c)The Investment Manager; and

(c)The Investment Manager's trading books.



36. Have all the criticisms/recommendations from the last review of the auditors outlined in 35 above been corrected/implemented?

Yes ☐ No ☐

If not, please detail why:

37. (a) Does the Investment Manager have an internal audit department? Yes ☐ No ☐

(b) Does this department have an established audit cycle for all operations? Yes ☐ No ☐

38. When the Investment Manager recruits or promotes employees to positions of trust, do you:

(a) undertake independent checks of their employment history? Yes ☐ No ☐

(b) undergo a process to ensure their suitability for the position? Yes ☐ No ☐

39. Are wages/salaries independently checked against personnel records for unusual or excessive payments?

Yes ☐ No ☐

40. 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? Yes ☐ No ☐

(b) issuing funds transfer instructions? Yes ☐ No ☐

(c) amending funds transfer procedures? Yes ☐ No ☐

(d) opening new bank accounts? Yes ☐ No ☐

(e) custody of securities and valuables? Yes ☐ No ☐

(f) refund of monies or return of goods? Yes ☐ No ☐

(g) disbursement of assets of any superannuation scheme? Yes ☐ No ☐

41. Is there segregation of investment vehicles documents, trade documents and accounting information?

Yes ☐ No ☐

42. Which banks does the investment manager use?

43. How does the investment manager ensure trades are executed in accordance with investment policy and processes correctly?

44. Are there periodical review protocols in place to support the fraud risk management strategy?

Yes ☐ No ☐

45. Is all supporting documentation validated before authorising payments? Yes ☐ No ☐

46. Are bank statements independently reconciled by persons not authorised to deposit/withdraw funds or to issue funds transfer instructions?

Yes ☐ No ☐



47. (a) Are agents and other service providers vetted for competency, financial stability and honesty before being approved?

Yes ☐ No ☐

(a) Are agents required to hold and maintain their own Professional Indemnity Insurance

Yes ☐ No ☐

If so, please specify minimum limits and conditions.

48. Are all agents and other service providers appointed under a written contract?

Yes ☐ No ☐

49. (a) Are unique passwords used to give various levels of entry to the computer depending on the users' authorisation and/or authority level?

Yes ☐ No ☐

(b) Are passwords automatically withdrawn when people leave?

Yes ☐ No ☐

(c) Are all amendments to programs approved independently of the persons making the amendments?

Yes ☐ No ☐

(d) Are programs protected to detect unauthorised changes?

Yes ☐ No ☐

(e) Is your computer system protected by virus detection and repair software?

Yes ☐ No ☐

50. With respect to answers to the following questions, "funds transfers" means any instruction (other than cheques) given to a Financial Institution to pay or deliver funds.

(a) What is the approximate annual value of funds transfer?

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

(c) Is the Financial Institution required to authenticate the instruction before payment is released?

Yes ☐ No ☐

(b) Please provide a brief description of the methods used to secure funds transfers (e.g. passwords, encryption, code, words etc):

51. How is the appropriateness of an investment matched to an investor profile?

52. What processes are in place for product evolution and stress testing to ensure products are fit for purpose?

53. What anti-money laundering measures has the investment manager implemented?



Section 4 – Claims History

54. (a) Has the Investment Manager or any of its Directors, Officers or employees been involved in or have they knowledge of any fact or circumstances involving any civil or criminal actions or administrative proceedings with any violation of any laws regulating competition, fair trade laws, securities laws or regulations, copyright laws or patent laws which may give rise to a claim under the proposed policy?

Yes ☐ No ☐

(b) Has the Investment Manager or any of its Directors, Officers or employees been involved in or have they knowledge of any fact or circumstances involving any representative actions, class actions or derivative suits which may give rise to a claim under the proposed policy?

Yes ☐ No ☐

(c) Does the Investment Manager or any of its Directors, Officers or employees been involved in or have they any knowledge of any other fact or circumstance which might give rise to a Claim under this proposed policy?

Yes ☐ No ☐

(d) Has any Claim been brought against the Investment Manager or any of its Director, Officers or employees?

Yes ☐ No ☐

If the answer to any of the foregoing is "Yes", please give details

■

It is agreed that if such knowledge exists, any Claim arising from such fact or circumstances will not be covered by this policy.

Section 5 – Coverage

55. Has the Investment Manager any of the following types of insurance currently in force:

(a) Directors and Officers Liability?

Yes ☐ No ☐

(b) Professional Indemnity?

Yes ☐ No ☐

(c) Crime/Fidelity Guarantee?

Yes ☐ No ☐

If the answer to any of the foregoing is "Yes", please give details

56. Is coverage desired for any other entity or agent, for whom the Investment Manager would be legally responsible?

Yes ☐ No ☐

If so, please state the entity and describe its functions/activities and its relationship to the Investment Manager

■

57. Has the Investment Manager ever had any Insurer decline a proposal, imposed special terms, cancelled or refused to renew any of the policies of the type detailed in 12 above?

Yes ☐ No ☐

If so, please give details:

■

58. Amount of indemnity required (please tick):

☐ \$1 million ☐ \$2 million ☐ \$5 million ☐ \$10 million ☐ Other - please state ■



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



Bring on tomorrow

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Schedule of Investment Vehicle

Investment Vehicle Name	Type of Investment Vehicle ¹	Date Established/Registered	Asset Size ²		Nature of Assets ³	Discretionary/N on-discretionary Management	No. of Underlying investors	Current leverage	Maximum allowable leverage
			This Year	Last Year					

Note 1 – For example, Trust, Partnership, Separately Managed Account etc

Note 2 – Please provide the market value of the Investment Vehicle's assets. Please note if the Investment Vehicle's assets are shown at values other than market value, a separate sheet outlining the reasons and methods for this valuation is required.

Note 3 – For example: Cash, Fixed Interest, Equities, Derivatives, Mortgages, Direct Property, Primary Production, Film Schemes, and Time-Sharing Schemes etc