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# Commercial Crime

PROPOSAL FORM

[libertyspecialtymarkets.com.au](http://libertyspecialtymarkets.com.au)



**Liberty**  
Specialty Markets

## Important Notices

### Trade Sanctions

Liberty will not be deemed to provide cover nor be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose Liberty or its parent to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of Australia, the European Union, United Kingdom, United States of America or other applicable jurisdiction.

### 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 (Cth), to disclose to the insurer every matter that 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 the insurer before you renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require disclosure of a 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 its business, ought to know; or
- ▶ 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.

### Subrogation

If Liberty grants indemnity under this policy, then Liberty shall be subrogated to all of the Insured's rights of recovery against any person, trustee, company or entity whether or not a payment has in fact been made and whether or not the Insured has been compensated in full for their loss. The Insured must, at its own cost, provide all reasonable assistance to Liberty (including, but not limited to giving information, signing documents and giving evidence) to help

enforce those rights. The Insured must not do anything that may prejudice Liberty's position or potential or actual rights of recovery against any parties.

### Claims made insurance

This is a proposal for a 'Claims Made' policy of insurance. This means that the policy covers you for any claims made against you and notified to the insurer during the policy period or any applicable reporting period. The policy does not provide cover in relation to:

- ▶ any claim made, threatened or intimated against you prior to the commencement of the policy period;
- ▶ any claim or fact that might give rise to a claim, reported or which can be reported to an insurer under any insurance policy entered into before the commencement of the policy period;
- ▶ any claim or fact that might give rise to a claim, noted in this proposal or any previous proposal;
- ▶ any claim arising out of any fact you are aware of before the commencement of the policy period;
- ▶ any claim made against you after the expiry of the policy period.

However, the effect of Section 40(3) of the Insurance Contracts Act 1984 (Cth) is that where you become aware, and notify us in writing as soon as is reasonably practicable after first becoming aware but within the policy period, of any facts which might give rise to a claim against you, any claim which does arise out of such facts shall be deemed to have been made during the policy period, notwithstanding that the claim was made against you after the expiry of the policy period.

### Inadequate space to answer

If there is inadequate space to answer any of the questions or make any comment or you need to disclose something to us because of your Duty of Disclosure, please attach a separate piece of paper to this proposal giving full details of additional information.

### Included in this form

Proposal form

**1. COMPANY DETAILS**

a. Name of the Company

b. Business Registration No.

c. Address (please specify a street address only)

Street

City

State

Postcode

Country

d. Contact

e. Name

f. Position

Telephone

Email

g. Country of registration

h. Date established

i. Website address

**2. OWNERSHIP**

a. Type of company

Private

Government owned

Public listed

Mutual

Public unlisted

Not for profit

Other

If other, please provide details.

**3. MATERIAL CHANGES**

a. During the last three (3) years, has:

1. the name of the Company changed?

Yes

No

2. the capital structure of the Company changed?

Yes

No

3. any subsidiary of the Company been sold or ceased trading?

Yes

No

4. any acquisition involving the Company taken place?

Yes

No

5. the Company issued any prospectus or public offering of securities (including equities, debt, shares, notes, bonds or debentures)?

Yes

No

b. Does the Company have any acquisition, tender offers or mergers pending or under consideration?

Yes

No

- c. Is the Company aware of any proposed acquisition of the Company or any of its subsidiaries by any other party? Yes      No
- If yes to any questions 3(a) to 3(c), please provide details.

**4. OPERATIONS**

a. Please describe the nature of the operations of the Company and its subsidiaries:

b. Please complete the following for all operations:

Countries in which the Company has operations	Description of operations	Number of locations	Number of employees	Revenues (AUD)

**5. AUDIT**

- a. Do external auditors review all operations at least annually? Yes      No
- b. Have all recommendations by external auditors regarding internal controls been carried out, following the most recent audit? Yes      No
- c. How many professionals are in your internal audit department?
- d. Does the internal audit department have an established audit cycle for all operations? Yes      No
- e. Does the internal audit department receive and investigate exception reports? Yes      No
- f. Does the Company have an audit committee which monitors the effectiveness of internal controls and reports directly to the Board? Yes      No

Use this space to comment where the response is no to any of the questions in this section

**6. HR AND PAYROLL**

- |   |     |    |
|---|-----|----|
| a. Is the following pre-employment screening conducted prior to hiring any employee:  |     |    |
| 1. Criminal history checks  | Yes | No |
| 2. Reference checks with all prior employers during the last five (5) years   | Yes | No |
| b. Are additions to the payroll system automatically reported to a HR Manager who reconciles payroll changes with new hire documentation?   | Yes | No |
| c. Are wages and salaries independently checked against personnel records to ensure that there are no past or fictitious employees or excessive payments at least on a monthly basis? | Yes | No |
| d. Are all employees required to take a minimum of two (2) weeks uninterrupted annual leave per calendar year?  | Yes | No |
| e. Is a confidential whistle-blower facility/policy made available to all staff?  | Yes | No |

Use this space to comment where the response is no to any of the questions in this section

**7. FINANCE SYSTEMS AND DUAL CONTROLS**

- |   |     |    |
|---|-----|----|
| a. Please advise:   |     |    |
| 1. The average value of any one funds transfer  | \$  |    |
| 2. The maximum value of any one funds transfer  | \$  |    |
| 3. How frequently a transfer of maximum value would be undertaken   |     |    |
| b. Are duties segregated so that no one employee is permitted to control the following processes from commencement to completion:                                       |     |    |
| 1. Issuing or amending funds transfer instructions  | Yes | No |
| 2. Opening new bank accounts and amending bank account details  | Yes | No |
| 3. Appointing new suppliers or awarding contracts   | Yes | No |
| 4. Amending bank details of suppliers   | Yes | No |
| 5. The ordering, receipt and authorisation for payment of goods, materials, equipment or services   | Yes | No |
| 6. Refund of any monies, refund of any goods or disposal of any assets above \$2,000  | Yes | No |
| c. Are bank statements independently reconciled by persons not authorised to deposit/withdraw funds or issues funds transfer instructions, on at least a monthly basis? | Yes | No |
| d. Are all supporting documents validated before authorising payments?  | Yes | No |
| e. Are statements of accounts sent to customers independently of employees receiving payments?  | Yes | No |
| f. Does the accounts payable system automatically produce exception reports to notify management and auditing of potential fraudulent transactions?                     | Yes | No |
| g. Do payment systems provide different levels of access based upon user authority levels?  | Yes | No |
| h. Are responses to 7. a) – g) consistent across international and domestic operations?   | Yes | No |

- |  |     |    |
|--|-----|----|
| i. Are any of the risk controls detailed in this section modified due to remote working?<br>If yes, please provide details of how dual control and segregation of duties are enforced? | Yes | No |
|--|-----|----|

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Use this space to comment where the response is no to any of the questions in this section

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## 8. OUTSOURCING, SUPPLIERS AND VENDORS

- |   |     |    |
|---|-----|----|
| a. Does the Company maintain an approved centralised list of suppliers or service providers?  | Yes | No |
| b. Are procedures in place to verify the existence and ownership of all new suppliers or service providers prior to adding them to the approved central list? | Yes | No |
| c. Is there an established process to review inactive or dormant suppliers or services providers and remove them from the approved central list?              | Yes | No |
| d. Do you carry out spot audit or diligence checks on your suppliers/vendors/outsourcers to ensure that:  |     |    |
| 1. Work is being done as per the agreed contract  | Yes | No |
| 2. Invoices are timely and in line with budget expectations   | Yes | No |
| 3. Invoices provided are for genuine work, from genuine contracted entities carried out in accordance with the contract?                                      | Yes | No |
| 4. Controls and procedures followed remain in line with expectations/agreement?   | Yes | No |
| e. Are responses to 8. a) – d) consistent across international and domestic operations?   | Yes | No |
| f. Are any finance related or administration activities outsourced to third party service providers?<br>If yes, please provide details.                       | Yes | No |

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Use this space to comment where the response is no to any of the questions in this section

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**9. SOCIAL ENGINEERING FRAUD**

a. Does the Company have a 'social engineering fraud' risk management framework in place and have the relevant staff in all locations been alerted and educated about the 'social engineering fraud/fake president fraud' issue? Yes    No

b. Does the Company require and record confirmation (either verbal or written) obtained from contact information (either a phone number or email address) already held on file, to authenticate changes to bank accounts of personal details requested by:

1. Clients? Yes    No

2. Third Party vendors of suppliers? Yes    No

If instead this responsibility has been contractually outsourced to an external party such as an administrator or custodian bank, please provide details such as who this contracting party is and what additional controls are in place when authenticating such changes.

c. 1. Does the Company require and record confirmation (either verbal or written), obtained from contact information (either a phone number or e-mail address) already held on file, to authenticate all financial transfer instructions requested by:

a. Clients? Yes    No

b. Third party vendors of suppliers? Yes    No

If instead this responsibility has been contractually outsourced to an external party such as an administrator or custodian bank, please provide details such as who this contracting party is and what additional controls are in place when authenticating such changes.

2. If such confirmation is not obtained for all financial transfers, is this undertaken for transfers over a specific amount? Yes    No

Please advise amount \$

Use this space to comment where the response is no to any of the questions in this section

**10. COMPUTER SYSTEMS**

a. Are all internet connections through a secure firewall?	Yes	No
b. Are access controls designed so that users cannot gain access to programs and files to which they have not been specifically granted access through a formal procedure?	Yes	No
c. Are user access passwords, including system privileges, removed immediately when staff leave the Company?	Yes	No
d. Are all amendments to programs approved independently of the person making the amendments?	Yes	No
e. Are programs protected to detect unauthorised changes?	Yes	No
f. Do you have a communicated security protocol which is available to all staff for handling suspicious emails?	Yes	No
g. Has penetration testing been conducted within the last 12 months?	Yes	No
Use this space to comment where the response is no to any of the questions in this section		

**11. PHYSICAL CONTROLS**

a. What is the maximum amount held at or transported from any one location:		
1. Cash		\$
2. Negotiable securities		\$
3. Inventory		\$
b. Is a perpetual inventory system maintained for:		
1. Stock and manufacturing components	Yes	No
2. Manufactured or finished goods?	Yes	No
3. Scrap	Yes	No
c. Is there a comprehensive physical check inventory completed at least annually and reconciled with the physical inventory system?	Yes	No
d. Does the Company have precious metals/gemstones exposure?	Yes	No
If yes, please complete the Precious Metals Addendum that has been provided separately.		



**12. LOSS HISTORY**

- a. Has the Company experienced any theft, burglary, robbery, forgery, computer fraud or other crime losses in the last five (5) years? Yes    No
- If yes, list all employee theft, burglary, robbery, forgery, computer fraud or other crime losses discovered by the Company in the last five (5) years, itemising each loss separately:

Date of lost	Description of loss	Total loss amount	Was this loss covered by another insurance policy?		If covered, please provide the insurer's name
		\$	Yes	No	
		\$	Yes	No	
		\$	Yes	No	
		\$	Yes	No	
		\$	Yes	No	

**13. INSURANCE HISTORY**

- a. Please detail the Commercial Crime insurance currently purchased by the Company:

Insurer

Policy period

Policy limit \$

Excess \$

- b. Has the Company ever had any special terms or conditions imposed on any Commercial Crime policy held by the Company? Yes    No
- c. Has the Company or any directors and officers ever had any entitlement to indemnity under any insurance policy denied or otherwise affected, due to non-disclosure, misrepresentation or breach of a policy provision? Yes    No
- d. Has any insurer ever refused to provide terms or offer renewal terms to the Company or has any insurance held by the Company ever been avoided or cancelled by an insurer? Yes    No
- If yes to any of the questions 13(b) to 13(d), please provide further information in the space below:

**14. LIMIT OF LIABILITY**

- a. Limit of liability sought:

1. \$
2. \$
3. \$

- b. Excess sought:

1. \$
2. \$
3. \$

**15. STAMP DUTY AND TAX**

**Important:** Please be aware that unless Liberty or its agents receive a small business declaration from you, in accordance with CH 8, Pt 5A of the Duties Act 1997 (NSW) at the time of entering into the contract of insurance, Liberty will charge stamp duty on risks that 1) occur within or partly within NSW or 2) cover NSW property.

a. Please provide a breakdown of staff numbers by State, including all directors and officers

ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Overseas
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b. Does the Company intend to claim an input tax credit for the proposed policy premium? Yes    No

If yes, what percentage of an input tax credit is being claimed? %

**16. ADDITIONAL INFORMATION**

Have you answered all questions fully and remembered to attach the following? Yes    No

The Company's latest audited financial statements or annual report.

**17. DECLARATION**

We, the undersigned, declare and acknowledge:

- that we are, after enquiry, authorised by all persons and entities seeking insurance, to make this proposal
- that after enquiry, all information supplied in this proposal and any supporting documents attached to this proposal or supplied separately, is true and correct and that until a Contract of Insurance is entered into, we are obliged to inform Liberty Specialty Markets of any changes to any information supplied or of any new information that is relevant
- that we understand Liberty Specialty Markets relies on the accuracy of the information and documentation supplied proposing for this insurance
- that if a Contract of Insurance is entered into, all information and documentation supplied in proposing for this insurance will be incorporated into and form part of such Contract of Insurance
- that we have read and understood the Important Notices which form part of this proposal
- that we understand that no insurance is in force until a contract of insurance is entered into, which is upon the Proposers' acceptance of an offer by Liberty Specialty Markets, if any
- **that the proposed Insured is a small business with a turnover of less than AU\$2 million in the last financial year. Note that if 'no' is selected or this question is left blank, Liberty will charge stamp duty on risks that 1) occur within or partly within NSW or 2) cover NSW property.**

Yes      No

To be signed by the chairperson and an executive officer.

Signature

Name (please print)

Title: Chairperson

Date

Signature

Name (please print)

Title: Executive Officer

Date

**Privacy Notice**

Liberty Specialty Markets is a trading name of Liberty Mutual Insurance Company, Australia Branch (ABN 61 086 083 605) incorporated in Massachusetts, USA (the liability of members is limited) (Liberty). It is a member of Boston-based Liberty Mutual Group. Liberty Australia's head office contact details are:

Address: Locked Bag 18, Royal Exchange NSW 1225, Australia  
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