



**Investment
Managers
Insurance**

PROPOSAL FORM

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 or Insured Person 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 (Pg 1 – 17)

Schedule to complete if applicable

Schedule A – Outside directorships (Pg 18)

Schedule B – Schedule of funds (Pg 19)

Important: Please answer all questions fully. All questions will be deemed to be answered in respect of all entities and persons to be insured under this policy. If the space provided is insufficient please include attachments on your company letterhead.

1. DETAILS OF THE PROPOSERS

- a. Please state the full name of the Investment Manager and any other entities to be insured (collectively referred to in this form as the 'Proposers').

- b. Address of the principal office (please provide a street address only):

Street	City
State	Country
	Postcode

- c. Company details:

Registered company name	
Country of registration	Date established
ABN	Website address
AFSL / ACL number	Input Tax Credit %

- d. Please describe the business activities of the Proposers.

Please note: Please complete Q14 and/or Q15 in this proposal form if any activities relate to a mortgage fund or a real estate investment trust.

- e. During the last three (3) years, has there been:

- | | | |
|-------------------------------------------------------|-----|----|
| 1. Any acquisition or merger involving the Proposers? | Yes | No |
| 2. Any change in capital structure of the Proposers? | Yes | No |
| 3. Any change in the name of the Proposers? | Yes | No |

If "Yes", please provide details.

f. Are the Proposers:

- | | | |
|---------------------------------------------|-----|----|
| 1. A private company? | Yes | No |
| 2. A public company? | Yes | No |
| 3. Listed on the Australian Stock Exchange? | Yes | No |
| 4. Listed on a foreign stock exchange? | Yes | No |

If the answer to 4 is "Yes", please provide details.

g. Are there any directors who control 10% or more of the issued shares?

Yes No

If "Yes", please list the directors and the percentage of shares held.

Name

%

Name

%

2. USA ACTIVITIES

Do the Proposers have any:

- | | | |
|--------------------------------------------------------------------------------------------------------|-----|----|
| a. assets or employees in the USA? | Yes | No |
| b. fund, trust, managed investment scheme or investment mandate with investors domiciled in USA? | Yes | No |
| c. fund, trust, managed investment scheme or investment mandate with assets or investments in the USA? | Yes | No |
| d. licensing or registration requirements in USA? | Yes | No |

If "Yes" to any of the above, please provide details.

3. AUTHORISED REPRESENTATIVES

- a. Do the Proposers have any authorised or sub-authorised representatives appointed under their AFSL/ACL? Yes No
- If "Yes", please list the names of all authorised and sub-authorised representatives and specify alongside each name, whether they are an employee of the Proposers or an independent contractor.

4. FEE INCOME

- a. Please list the actual and estimated fee income from the following:

Professional services	Last completed financial year	Current financial year forecast	Next financial year forecast
Fund management	\$	\$	\$
Trustee/Responsible entity services	\$	\$	\$
Corporate advisory	\$	\$	\$
Property management	\$	\$	\$
Other	\$	\$	\$
Performance fee	\$	\$	\$
Total	\$	\$	\$

5. PARTICULARS OF FUNDS

- a. Please complete Schedule B **attached** and attach the following:
- Information memorandum or product disclosure statements for all funds (including past funds), trusts, managed investment schemes, investment vehicle or investment mandates to be insured.
 - Latest annual report of the fund manager, including audited financial statements.
 - ASIC A5 Business Description and B1 Organisation Competence documents.
 - Curriculum Vitae of key personnel, responsible manager and compliance committee members.
 - Annual report for all funds (including past funds), trusts, managed investment schemes, investment vehicle or investment mandates to be insured.
 - Any quarterly update of the fund performance.
 - A copy of the Proposers' complaints register.
 - GS007, Compliance plan or any other third party external Risk Management audit report.

- b. Please allocate total funds under management, as a percentage, to the most appropriate of the following categories of investors:

Institutional	High net worth individuals /family offices	Self-managed superannuation funds	Significant Investor visa	Wholesale	Retail	Total
%	%	%	%	%	%	%

c. Please outline how the funds are distributed:

Accountants	Financial planners	Wealth platforms	Listed company / trust or ETF	Other intermediary	Direct to fund manager	Total
%	%	%	%	%	%	%

d. Are any changes to distribution anticipated in the next twelve (12) months? Yes No

e. Please provide details on any funds that, in the last five (5) years, have either had redemptions suspended or frozen, or request for redemptions that are greater than 10% of the total funds under management.

6. RISK MANAGEMENT, COMPLIANCE AND AUDIT FUNCTIONS

a. Please describe how compliance is handled, including policies and procedures and list the persons responsible for this function.

b. Does your fund allow related party transactions? Yes No
 If "Yes", please provide details of the corporate governance policy used to ensure this is managed appropriately.

c. Outline all changes to compliance and risk management processes that have been undertaken over the past 12 months to meet new or updated ASIC regulatory guides or legislation.

-
- d. Outline the governance and compliance oversight to ensure any marketing and promotion of Environmental, Social and Governance (ESG) is accurate.

-
- e. Please describe the procedures and checks in place to avoid a breach of any investment mandate.

-
- f. Please advise who audits the Proposers':

1. compliance plan
2. risk management procedures

Have all recommendations of these auditors been implemented?

Yes

No

If "No", please provide details.

-
- g. Please provide details of the Proposers' professional services providers or agents:

Trustee / Responsible entity

Custodian

Administrator

Legal

Stockbroker/Dealing

Asset manager

Sales agent

Other

7. CRIME

a. Do the Proposers segregate the following duties so that no one employee is permitted to control any transaction from commencement to completion?

- | | | |
|-------------------------------------------------------------------------|-----|----|
| 1. Signing cheques or authorising payments of any nature above \$20,000 | Yes | No |
| 2. Issuing or amending funds transfer instructions | Yes | No |
| 3. Opening new bank accounts | Yes | No |

If "No" to any of the above, please provide details

b. Is any independent validation undertaken by another member of staff (who is not the person originating the change instruction) for:

- | | | |
|-------------------------------------------------|-----|----|
| 1. changes to bank account or personal details? | Yes | No |
| 2. financial transfer instructions? | Yes | No |

If "No" to any of the above, please provide an explanation.

c. Please advise the number of fund transfers in the past 12 months which fall within the following transaction ranges:

\$0 – \$1M	\$1M – \$5M	\$5M +
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d. Please outline all security policies and procedures implemented in relation to funds transfers to mitigate a social engineering fraud event. Please provide a copy of relevant manual / internal procedures.

- | | | |
|------------------------------------------------------------------------|-----|----|
| 1. Do the Proposers audit these processes to ensure they are followed? | Yes | No |
| 2. How often are these audits undertaken? | | |

e. 1. Are all employees provided training in respect to electronic fraud risks (social engineering, phishing, email compromise, fake president and other scams)?

2. How frequently is this training undertaken?

f. Please confirm multi-factor authentication is enforced:

- | | | |
|----------------------------------------------------------------------------------|-----|----|
| 1. For remote access into the Proposers' network. | Yes | No |
| 2. For access to email remotely on a non-corporate device via a web application. | Yes | No |

g. Outline the steps the Proposers' employees must follow to verify the identity and authenticity of instructions:

1. where an employee receives funds transfer instructions from a co-worker or manager.
2. where an employee received funds transfer instructions from a vendor / client.
3. where an employee receives a request to change bank details.

a. Do employees always record the verification on file?	Yes	No
---------------------------------------------------------	-----	----

h. Do employees always perform a call back to a phone number registered on file and record this confirmation on file?	Yes	No
-----------------------------------------------------------------------------------------------------------------------	-----	----

1. If such verification is not obtained for all financial transfers, is this obtained for transfers over a specific amount?	Yes	No
-----------------------------------------------------------------------------------------------------------------------------	-----	----

2. Please advise the amount:

i. If responsibility for verification has been contractually outsourced to an external party such as a registry, administrator or custodian, please provide details of the specific contracting party and outline the controls that have been implemented by such party.

j. What controls are in place to ensure that external registry, administrators or custodians verify and validate instructions that have been received from the investment manager?

1. How do you ensure these controls are followed?

k. Does the registry, administrator or custodian limit their liability in contract in relation to this exposure?	Yes	No
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8. CLAIMS HISTORY

Please note: It is critical that you make appropriate enquires of all persons and entities intending to be insured under this insurance before answering Questions 8a-8e.

a. Has any partner or director of the Proposers had any fine or penalty imposed or ever been subject to any disciplinary proceedings or any regulatory or official inquiry?	Yes	No
b. Has a professional liability claim or directors & officers liability claim ever been made against the Proposers or have the Proposers ever sustained a crime loss (or any previous company name used by the Proposers), or any past or present partners, directors or employees of the Proposers?	Yes	No
c. Are the Proposers including any of their partners, directors or employees aware of any facts which might give rise to a professional liability claim, a directors & officers liability claim or crime loss?	Yes	No
d. Have the Proposers 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
e. Has any insurer ever refused to provide terms or offer renewal terms to the Proposers or has any insurance held by the Proposers ever been avoided or cancelled by an insurer?	Yes	No

If "Yes" to any of the above, please provide full details, supporting documentation and claims history.

9. LIMIT OF LIABILITY

a. Limit of liability sought:	b. Excess sought:	
1. \$	1. \$	
2. \$	2. \$	
3. \$	3. \$	
b. Do the Proposers currently hold any similar professional liability, directors & officers liability or crime insurances?	Yes	No
Insurer		
Expiry date		
Policy type		
Sum insured		
Excess		

10. OUTSIDE DIRECTORSHIP LIABILITY

Part B of the policy provides cover for Insured persons who, at the request of the Proposers, act as a director or officer of an outside entity.

Please complete the Outside Directorships Addendum attached as Schedule A to this proposal.

11. STAMP DUTY INFORMATION

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 employee numbers by state, including the directors, officers and committee members:

ACT	NSW	NT	QLD	SA	TAS	VIC	WA	Overseas	Total
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12. OPTIONAL EXTENSIONS: PROFESSIONAL LIABILITY

Please note: If you request any of these extensions, Liberty is not obliged to offer them. If Liberty decides to offer any of these extensions it may charge an additional premium. The below are descriptions of the cover only. To fully understand the cover provided by these extensions you must read the relevant clause in the policy wording and/or seek advice from your insurance adviser.

a. Cyber

Would you like the policy to be extended to provide cover for cyber liability, fines and penalties imposed due to privacy breaches, privacy regulatory expenses and mandatory notification costs incurred in respect of privacy breaches (all arising from the performance of professional services) and cyber extortion?

Yes	No
-----	----

If yes, please complete the Cyber Addendum that has been provided separately.

b. Loss mitigation and rectification

Would you like the policy to be extended to pay for the reasonable direct costs and expenses you incur in taking action to rectify or mitigate the effects of any act, error or omissions that would otherwise result in a claim covered under the policy?

Yes	No
-----	----

c. Proportionate liability

Would you like the policy to be extended to provide cover for liability you have assumed under a contract by reason of having contracted out of the operation of proportionate liability legislation? (for example any applicable state Civil Liability Act in Australia.)

Yes	No
-----	----

d. Reinstatement

Would you like the policy to be extended so that in the event the limit of liability is exhausted, it is then reinstated once to cover future unrelated claims under Part A of the policy?

Yes	No
-----	----

e. Statutory liability

Would you like the policy to be extended to provide cover for claims made against the Proposers for pecuniary penalties the Proposers are required to pay for contraventions of statutory civil penalty provisions and no-fault criminal offences arising from the performance of their professional services?

Yes	No
-----	----

If "Yes" please advise the following:

1. Have the Proposers suffered any civil fines and/or penalties in the past five (5) years?

Yes	No
-----	----

13. OPTIONAL EXTENSIONS: DIRECTORS & OFFICERS LIABILITY

a. **Additional Side A limit**

Would you like the policy extended to provide an additional limit for directors if the limit of liability is exhausted due to the payments of amounts insured under Part B of the policy?

Yes No

b. **Company securities liability**

Would you like the policy to be extended to provide cover for claims made against the Proposers by holders of the Proposers' securities?

Yes No

If "Yes", please answer the following questions:

1. Have there ever been, or is there now pending, any securities claims against the Proposers or any official inquiry into any matter concerning the Proposers' securities?

Yes No

If "Yes", please provide details.

2. Are the Proposers aware of any facts which might give rise to a securities claim being made against the Proposers or which might give rise to an official inquiry into matters concerning the Proposers' securities?

Yes No

If "Yes", please provide details.

c. **Employment practices liability**

Would you like the policy to be extended to provide cover for claims made against the Proposers for employment related claims?

Yes No

If the answer to this question is "Yes", please answer the following questions:

1. Do the Proposers have written employment procedures (for example, employee handbooks) that are available to each employee?
2. Please list the number of retrenchments that have occurred over the last 12 months and advise if any are expected over the next 12 months.

Yes No

14. MORTGAGE FUNDS AND CONSTRUCTION & DEVELOPMENT FINANCING (COMPLETE IF APPLICABLE)

a. Please outline the Proposers' loan approval process and authority levels.

b. Provide by **attachment** a copy of the Proposers' lending manual and advise the following:

- | | |
|------------------------|---|
| 1. Maximum LVR | % |
| 2. Average LVR | % |
| 3. Maximum loan amount | % |
| 4. Average loan amount | % |

c. In relation to the loan property valuation policy, please advise:

1. Who performs the property valuations?

- | | | |
|--------------------------------------------------------------------------------------------------------------------------|-----|----|
| 2. Do the Proposers have an external panel of valuers? | Yes | No |
| 3. Do the Proposers require valuations to be less than three months old?
If "No", what is the age threshold required? | Yes | No |
| 4. Do the Proposers accept valuations which have been assigned to it? | Yes | No |
| 5. Do the Proposers accept kerbside or restricted access valuations? | Yes | No |

d. Is mortgage insurance always purchased above a set LVR?

Yes No

If "Yes", please advise the LVR:

e. Please provide a breakdown of loans by property type:

- | | |
|--------------------------------------|---|
| 1. Residential | % |
| 2. Commercial | % |
| 3. Industrial | % |
| 4. Land only | % |
| 5. Construction/Property development | % |

f. Are any investors funds which are raised allowed to be used for funding developments or construction for related parties of the Proposers?

Yes No

g. Please provide a breakdown of the type of loans provided:

- | | |
|------------------------------|---|
| 1. First mortgage | % |
| 2. Second mortgage/mezzanine | % |
| 3. Bridging finance | % |
| 4. No deposit | % |
| 5. Low document | % |

-
- h. Please provide a breakdown on when loans are due:
- | | |
|---------------------|---|
| 1. < 30 days | % |
| 2. Within 6 months | % |
| 3. Within 12 months | % |
| 4. 12-24 months | % |
| 5. 2-5 years | % |
| 6. >5 years | % |

i. What percentage of loans are in arrears? %

j. Please outline the process in place for dealing with loans in arrears.

k. Please outline the audit and review processes in place for approved loans.

l. Please outline the processes and controls in place with respect to transfer of loan funds.

m. Please advise details if any funds have been frozen or redemptions suspended over the past five (5) years.

n. Please provide details of the largest borrower across the loan book, including number of loans, nature of loans and percentage (%) of total book exposed.

o. Please provide a copy of your loan schedule which includes each loan, borrower, size of loan and all financial and performance measures.

16. 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:

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Liberty is bound by the Privacy Act 1988 (Cth) and its associated Australian Privacy Principles when it collects and handles your personal information.

Liberty collects personal information, including from insurance brokers, in order to provide its services and products, manage claims and for purposes ancillary to its business. Liberty passes it to third parties involved in this process such as Liberty's related companies, reinsurers, agents, loss adjusters and other service providers. We may store your information with third party cloud or other types of networked or electronic storage providers. Third parties may be located locally or overseas in the United States, Canada, United Kingdom, Singapore, Hong Kong and Malaysia. Your information may be transferred to countries without comparable privacy laws if it is reasonably necessary to provide you with the products or services you seek from Liberty. If you do not provide the personal information Liberty or other relevant third parties require to offer you specific products or services, Liberty may not be able to provide the appropriate type or level of service.

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