

Fraud and Professional Liability Financial Institutions



Proposal form

Completing the Proposal form

1. This application must be completed in full including all required attachments.
2. If more space is needed to answer a question, please attach a separate sheet with details.
3. The terms Proposer, whenever used in this proposal form shall mean the Policyholder listed below and all Subsidiary companies of the Policyholder for which coverage is proposed under this proposal.
4. The terms Policyholder and Subsidiaries have the same meaning in this proposal form as in the policy.

Duty of Disclosure

Before you enter into a contract of general insurance with us, you have a duty at common law to disclose to us every matter you know, or could reasonably be expected to know that a prudent insurer would want to take into account in deciding whether to insure you and, if so, on what terms. This applies to all persons to be covered under this contract of insurance.

You have the same duty to disclose those matters to us 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 insured;
- that is of common knowledge;
- that we know or in the ordinary course of our business we ought to know;
- that we indicate to you that we do not want to know.

Non-disclosure or misrepresentation

If you make a material misrepresentation to us, or if you do not comply with your duty of disclosure, we may treat your policy as if it never existed.

False statement and Fraudulent acts

Your policy is based on the information supplied to us by you or on your behalf. All statements made by you or on your behalf on the proposal and/or questionnaire, in support of this policy, on any claim form or in support of any claim must be true and correct. If you take any action or make any statement in connection with this policy or any claim made under it, which is fraudulent in any way or which is supported by untrue or incorrect information, we are entitled to avoid this policy and all benefits under it will be forfeited.

Privacy Act 2020

Zurich respects your privacy. The following is brought to your attention. However this does not apply to companies.

- (a) This Proposal collects personal information about you;
- (b) The information is collected by Zurich to evaluate the insurance being sought;
- (c) The intended recipient of the information is Zurich;
- (d) The information is being collected and held by Zurich;
- (e) The collection of this information is required pursuant to the common law duty to disclose all material facts relevant to the insurance sought and is mandatory;
- (f) The failure to provide this information may result in your application for insurance being declined, or your insurance being void from the beginning;
- (g) You have rights to access, and correct this information subject to the provisions of the Privacy Act 2020.

Data sharing consent

In order to provide a seamless insurance service globally, Zurich may transfer any data Zurich has received from and any data it holds on the policyholder to other units of Zurich Insurance Group Ltd, such as branches, subsidiaries, or affiliates within Zurich Insurance Group Ltd, cooperative partners of Zurich Insurance Group Ltd, coinsurance and reinsurance companies located in the country of the policyholder or abroad.

Zurich as well as such recipients may use, process and store the data, in particular for the purpose of risk evaluation, policy execution, premium setting, premium collection, claims assessment, claims processing, claims payment, statistical evaluation or to otherwise ensure Zurich's global insurance service delivery.

If a broker or agent is acting on behalf of the policyholder, Zurich is authorised to use, process and store data of the policyholder received from such broker or agent, and to forward to such broker or agent data of the policyholder relating to the execution of the policy and the collection of premiums and payment of claims.

Zurich may procure data from government offices and third parties relating to the policyholder to assess a claim in the event of loss or damage.

1 Applicant details

(a) Name of applicant

(b) Principle address

Postcode

(c) Date established

(d) Nature of financial services provided

(e) Is the applicant licensed by any regulatory authority?

Yes No

If 'Yes', which authority

(f) Has the applicant made any acquisitions during the last 3 years?

Yes No

If 'Yes', please provide details

2 Revenue / Fees

(a) Total revenue for the past 12 months

(b) Total estimated revenue for the current 12 months

(c) Please provide the percentage of revenue earned from the following activities:

Commercial loans	%	Personal loans	%
Leasing	%	Trade financing	%
Securities dealing	%	Mergers and acquisitions advice	%
Capital raising advice / Share placement	%	Securities dealing	%
Fund management	%	Venture capital / Private equity	%
Financial planning	%	Asset backed lending / Equipment finance	%
Private banking	%	Syndicated lending	%
Other (please specify)	%		

Do any of the services offered include unit pricing?

Yes No

If 'Yes', please note additional information may be required

3 Employees and locations

(a) Total number of employees

(b) Total number of locations

(c) Number of overseas locations

(d) Please provide list of overseas locations

(e) Does the applicant conduct reference checks on all new employees prior to hiring?

Yes No

(f) Does the applicant have a requirement for employees to take at least 2 weeks uninterrupted leave per year?

Yes No

4 Distribution

(a) Please describe your distribution network

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(b) Are agents subject to the same controls and compliance procedures as employees? Yes No

5 Audit

(a) Does the applicant maintain an internal audit department? Yes No
If 'No', is an external company engaged to provide internal audit function? Yes No

(b) How many employees work in the internal audit department?

(c) How often are internal audits conducted?

(d) Please provide copy of the internal audit plan

(e) Which firm provides external audit?

(f) How often are full external audits conducted?

(g) Does the external auditor review the system of internal controls and furnish written reports? Yes No

(h) Does the external auditor report directly to the board of directors? Yes No

(i) Has the firm rendered an unqualified opinion for each of the last 5 years? Yes No

(j) Have all recommendations been complied with as a result of the most recent audit report? Yes No
If 'No', have you adopted alternative arrangements to the satisfaction of your auditor? Yes No

6 Internal controls and procedures

(a) In respect of the transfer of funds or property to another organisation:

(i) Please describe the method of instruction, for example written, telephone, electronic etc:

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(ii) Are these instructions tested or subject to a call back procedure to an authorised person other than the individual initiating the transfer? Yes No

(b) Are duties segregated to that no individual can complete an activity from the beginning to the completion of the task without referral to another in respect of:

(i) Opening new bank accounts? Yes No

(ii) Disbursement of assets? Yes No

(iii) Signing cheques or authorising payments above \$10,000? Yes No

(iv) Custody of securities? Yes No

(v) If 'No', please provide details as to alternative arrangements

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7 Third party providers

Please provide a list of the applicant's service providers:

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8 Electronic security

(a) Does the applicant outsource any data processing? Yes No

If 'Yes', are the third party providers required to carry their own Professional Liability and Crime/Fidelity Insurance Covers? Yes No

(b) Have the service providers been authorised under written agreements? Yes No

(c) Does the applicant utilise any electronic funds transfer services (e.g. EFTPOS, BPay, Swift)? Yes No

(d) Describe the methods used to secure funds transfer instructions (e.g. encryption, message authentication, independent call backs)

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Are passwords used to afford varying levels of entry to the computer system depending on authorisation of the user? Yes No

9 Compliance

(a) Is there a written manual in place covering the following:

(i) Code of Ethics Yes No

(ii) Code of Conduct Yes No

(iii) Conflict of Interest Yes No

(b) Has the applicant provided any new services in the last 2 years? Yes No

If 'Yes', please provide details

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(c) Are the services offered provided under a written agreement? Yes No

(d) Are procedures in place to ensure financial advice being provided by an employee has been reviewed by a second person? Yes No

(e) Are all contracts, engagement letters, marketing material subject to a legal review prior to release? Yes No

(f) Does the applicant have a dedicated Compliance Officer? Yes No

(g) Has the applicant or any of the directors or officers been subject to a regulatory investigation? Yes No

10 Insurance details

- (a) Does the applicant currently purchase Fraud and Professional Liability Cover? Yes No
- (i) Insurer _____
- (ii) Limit _____
- (iii) Deductible _____
- (iv) Expiry date _____
- (b) What Limit of Liability is required for each section?
- (i) Fraud \$ _____
- (ii) Professional Liability \$ _____
- (iii) What Aggregate Limit of Liability is required for each policy period? \$ _____
- (iv) What Deductible is required? \$ _____
- (c) Fraud Insurance Optional Extension of Cover – Fraudulent Induced Transfer
- Do you wish to apply for the Fraudulent Induced Transfer Optional Extension to the Fraud Insurance policy? Yes No
- If 'Yes', please answer Q11

11 Fraudulent Induced Transfer

Complete the following questions if you have answered 'Yes' to Q11 (c)

Internal controls – vendors

- (a) Do you have procedures to verify the identity and authenticity of new vendors before entering into transactions with them? Yes No
- If 'Yes', do you follow any of the following procedures?
- (i) Investigate new vendors through a credit reporting agency? Yes No
- (ii) Verify and confirm the vendor's bank account information (account numbers, routing numbers, bank name and address) by calling the vendor's bank directly? Yes No

Please provide details of any other procedures not listed above that you have in place to verify the identity and authenticity of new vendors

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If 'No' to any of the above, explain the reason for not following these procedures

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- (b) Do you accept requests for funds transfer, payment, delivery or change in method, destination or bank account information instructions from vendors:

- (i) over the telephone? Yes No
- (ii) by telefacsimile? Yes No
- (iii) by electronic mail? Yes No
- (iv) by text message? Yes No
- (v) by other methods? Yes No

If 'Yes' to (v), please provide details of those other methods

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11 Fraudulent Induced Transfer (continued)

- (c) Do you have procedures to verify the authenticity of invoices or other form of payment requests received from a vendor? Yes No
If 'Yes', do you follow any of the following procedures?
- (i) Verify invoices or other form of payment requests against inventory, supplies, goods or services rendered by vendor prior to making payment to a vendor? Yes No
 - (ii) Maintain a record of such requests and verification on file? Yes No

Please provide details of any other procedures to verify the authenticity of invoices or other form of payment requests received from a vendor

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If 'No' to any of the above, explain the reason for not following these procedures

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- (d) Do you have procedures in place to verify and authenticate any request for funds transfer, payment, delivery or change of a vendor's bank account information or methods or destinations of payment? Yes No
If 'Yes', do you follow any of the following procedures?
- (i) Call the vendor at a telephone number previously provided by the vendor to verify and authenticate the request? Yes No
 - (ii) Send an email to a pre-determined address and require response from vendor to verify and authenticate the request? Yes No
 - (iii) Send notice of receipt of the request to a person at the vendor, other than the person who sent the request, and receiving confirmation of request for change before making the requested change? Yes No
 - (iv) Require review and approval of any changes of the vendor's bank account information by a supervisor and with an individual at the vendor other than the individual sending request before the change is made in your records? Yes No
 - (v) Run exception reports showing all changes to vendor or supplier details? Yes No
 - (vi) Maintain a record of such requests, verification and authentication on file? Yes No

Please provide details of any other procedures not listed above that you have in place to verify the authenticity of such instructions

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If 'No' to any of the above, explain the reason for not following these procedures

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Internal controls – employees

- (e) Is there a written policy regarding fund or securities transfers? Yes No
- (f) Who within the organisation has the ability and authority to initiate a payment, funds or securities transfer?
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- (g) Can funds or securities transfer authority be delegated to anyone verbally or in writing? Yes No
- (h) Do you accept requests for payment, funds transfer, delivery or change in method, destination or bank account information instructions from authorised employees:
- (i) over the telephone? Yes No
 - (ii) by telefacsimile? Yes No
 - (iii) by electronic mail? Yes No
 - (iv) by text message? Yes No
 - (v) by other methods? Yes No

If 'Yes' to (v), please provide details of those other methods

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11 Fraudulent Induced Transfer (continued)

(i) Once a request is initiated, to whom does it go for verification, authentication and processing?

(j) Whose signatures of approval are needed to release the funds or securities?

(k) Please provide details of the dollar amount and the level of approval needed to release the funds or securities

(l) Is there segregation of duties between the person(s) who is/are authorised to receive payment or funds/securities transfer requests and the individual(s) authorised to process the requests? Yes No

(m) What is the average length of the entire funds transfer process from the receipt of instruction until the funds or securities are disbursed?

(n) If online banking software is used to perform funds transfer functions, is access to the portal restricted to specific users and terminals? Yes No

(o) Do the procedures for international funds transfers differ in any way from the domestic procedures? Yes No
If 'Yes', please advise in what way(s) they differ and how many international funds transfers are processed each month

(p) Do those employees responsible for executing payment, funds or securities transfers receive training on social engineering scams? Yes No

If 'Yes',

(i) how often is this training updated?

(ii) do you test employees randomly with simulated bait e-mails, calls, telefacsimile, or other means that are generated by you or a third party contracted to perform such testing? Yes No

(iii) how are employees subsequently trained to be aware of suspicious e-mails, calls, or telefacsimile that were subject of testing?

(iv) Is there an internal department or person to whom employees can direct suspicious e-mails, calls, or telefacsimile to maintain a record of and further investigate? Yes No

If 'Yes' to (iv), please provide details

Loss experience

List all social engineering/fraudulent induced transfer losses discovered by the Proposer in the last six (6) years

Tick if none:

Date of Loss	Description of Loss	Total Amount of Loss	Amount paid by insurance	Date Paid
		\$	\$	
		\$	\$	
		\$	\$	
		\$	\$	

Please attach a description of the corrective measures taken to mitigate future losses of this type

12 Claims / Circumstances

Professional Liability

(a) Has the business or any principal, partner or director ever been refused insurance of the type proposed, had a similar policy cancelled or had special terms imposed? Yes No

(b) Have any claim/s ever been made against the business or its predecessors or against any present or past principals, partners or directors? Yes No

If 'Yes', please provide details

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(c) Are any of the principals, partners or directors aware, after enquiry of all staff, managers and contractors, of any facts or circumstances which may give rise to a claim or claims of the type insured by this policy? Yes No

Fraud

(a) Please give brief details of any loss or losses you have sustained (whether insured or uninsured), during the past five years which would have impacted upon the coverage you are now seeking had it have been in force at the time of such loss or losses.

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(b) Unless the information has already been provided, please attach full details of the circumstances surrounding each loss and the corrective measures taken to prevent reoccurrence.

(c) Has any proposal for insurance of this nature been declined by any insurance company or has any policy been cancelled or renewal thereof refused? Yes No

13 Declaration

We (the undersigned):

- (a) acknowledge that we have read and understand the important notices contained in this proposal;
- (b) agree that this proposal, together with any other information or documents supplied, shall form the basis of any resulting contract of insurance;
- (c) acknowledge that if this application is accepted, the contract of insurance will be subject to the terms and conditions as set out in the policy wording as issued or as otherwise specifically varied in writing by Zurich;
- (d) declare after enquiry that the statements, particulars and information contained in this application and in any documents accompanying this application are true and correct in every detail and that no other material facts have been misstated, suppressed or omitted;
- (e) undertake to inform Zurich of any material alteration to those facts before completion of the contract of insurance.
- (f) understand that Zurich requires this and needs to retain this information in order to decide whether to accept this proposal and also that the Privacy Act 2020 entitles us to have access to and request the correction of this information;
- (g) understand Zurich is authorised to disclose information received from us to its advisors, reinsurers and to other insurers. We authorise Zurich to obtain, from any party, information that is, in Zurich's view, relevant to this proposal;
- (h) understand that the insurance will not be in force until this proposal has been accepted and cover confirmed by Zurich.

Name of Chairperson

Signature of Chairperson	Date
X	/ /

Name of Managing Director/Chief Executive Officer

Signature of Managing Director/Chief Executive Officer	Date
X	/ /

Please enclose with this Proposal Form:

- (a) Latest audited annual reports and interim reports of the applicant;
- (b) Copy of standard client contract(s); and
- (c) Organisational Chart.