

Asset Investment Managers Insurance Venture Capital – Private Equity



Proposal form

Directors and Officers Liability • Entity Securities • Professional Liability • Crime • Outside Directorship Liability

Instructions to Applicant

Completing the Proposal Form

- Please note that this Proposal form is being completed by the Applicant on behalf of all the Insureds to be covered and as defined in the Policy. The reference to Applicant means the Policyholder and Subsidiaries, as defined in the Policy.
- Please read the Important Notices.
- Please answer all questions. If you have insufficient space to complete an answer, attach a separate signed and dated sheet and identify the question number concerned.

Please enclose with this Proposal Form:

- (a) Latest audited annual reports and interim reports of the Applicant;
- (b) Latest prospectus or offering memorandum to members of each of the Funds;
- (c) Latest investment performance information for each Fund and Mandate;
- (d) Copy of standard client contract(s); and
- (e) Organisational Chart.

Important Notices

Statutory notice – Section 40 Insurance Contracts Act 1984 (Cth.)

The Directors and Officers liability, Company Reimbursement, Entity Securities and Professional Liability cover under this policy are 'Claims Made' liability insurance covers. This means that they only provide cover if a claim is made against an insured, by some other person, during the period when the policy is in force.

This policy does not cover prior known facts (subject to the Continuous Cover Extension of Cover), notified claims or circumstances or prior or pending litigation. See the Prior knowledge and Prior discovery exclusion for details.

If a retroactive date applies to the Claims Made liability insuring clauses of this policy then it means that cover is excluded for any wrongful act occurring or committed prior to the retroactive date.

Section 40 (3)

Section 40 (3) of the Insurance Contracts Act 1984 (Cth) applies to the 'Claims Made' liability covers described above. That sub-section provides that if an insured becomes aware, during the period of insurance, of any fact or circumstance which might give rise to a claim against them by some other person, then provided that the insured notifies Zurich of the matter before this policy expires, Zurich may not refuse to indemnify merely because a claim resulting from the matter is not made against the insured while the policy is in force.

If an insured, inadvertently or otherwise, does not notify the relevant facts or circumstances to Zurich before the expiry of the policy, the insured will not have the benefit of section 40(3) and Zurich may refuse to pay any subsequent claim, notwithstanding that the events giving rise to it or the circumstances alleged in it may have taken place during the period of insurance.

If a claim is actually made against the insured by some other person during the period of insurance but is not notified to Zurich until after the policy has expired, Zurich may refuse to pay or may reduce its payment under the policy if it has suffered any financial prejudice as a result of the late notification.

Duty of Disclosure

Before you enter into an insurance contract, you have a duty to tell us anything that you know, or could reasonably be expected to know, may affect our decision to insure you and on what terms.

You have this duty until we agree to insure you.

You have the same duty before you renew, extend, vary or reinstate an insurance contract.

You do not need to tell us anything that:

- reduces the risk we insure you for; or
- is common knowledge; or
- we know or should know as an insurer; or
- we waive your duty to tell us about.

If you do not tell us something

If you do not tell us anything you are required to, we may cancel your contract or reduce the amount we will pay you if you make a claim, or both.

If your failure to tell us is fraudulent, we may refuse to pay a claim and treat the contract as if it never existed.

Privacy

Zurich is bound by the Privacy Act 1988 (Cth). We collect, disclose and handle information, and in some cases personal or sensitive (eg health) information, about you ('your details') to assess applications, administer policies, contact you, enhance our products and services and manage claims ('Purposes'). If you do not provide your information, we may not be able to do those things. By providing us, our representatives or your intermediary with information, you consent to us using, disclosing to third parties and collecting from third parties your details for the Purposes.

We may disclose your details, including your sensitive information, to relevant third parties including your intermediary, affiliates of Zurich Insurance Group Ltd, other insurers and reinsurers, our banking gateway providers and credit card transactions processors, our service providers, our business partners, health practitioners, your employer, parties affected by claims, government bodies, regulators, law enforcement bodies and as required by law, within Australia and overseas.

We may obtain your details from relevant third parties, including those listed above. Before giving us information about another person, please give them a copy of this document. Laws authorising or requiring us to collect information include the Insurance Contracts Act 1984, Anti-Money Laundering and Counter-Terrorism Financing Act 2006, Corporations Act 2001, Autonomous Sanctions Act 2011, A New Tax System (Goods and Services Tax) Act 1999 and other financial services, crime prevention, trade sanctions and tax laws.

Zurich's Privacy Policy, available at www.zurich.com.au or by telephoning us on 132 687, provides further information and lists service providers, business partners and countries in which recipients of your details are likely to be located. It also sets out how we handle complaints and how you can access or correct your details or make a complaint.

1 Applicant details

1. Name of Applicant
.....
2. Principal address
.....
3. Web address
.....
4. Date established
.....
5. Nature of the business of the Applicant
.....
.....
6. Is the Applicant licensed by any regulatory authority? Yes ☐ No ☐ If 'Yes', please list the regulatory authorities
.....
.....

2 Ownership

1. Is the Applicant
.....
 - (a) Listed on any stock exchange? Yes ☐ No ☐
 - (b) Listed on any unlisted securities market or exempt exchange? Yes ☐ No ☐
 - (c) Traded in any other way? Yes ☐ No ☐If 'Yes', please provide full details: stock code; what exchange they are listed on; and type of security traded on that exchange
.....
.....
2. Please detail any shareholder or associated group of shareholders who own or control, directly or indirectly, more than 10% of the ordinary share capital of the Applicant
.....
.....
.....

3 Information relating to Investment managers and/or Investment structures

1. Please complete the attached Schedule of Investment structures on page 8.
2. Is the Applicant or any individual proposed for coverage aware of any actual (last 12 months) or future acquisition, creation or incorporation of a new Fund? Yes ☐ No ☐
If 'Yes', please list any Funds:
 - (a) that are regulated by the U.S. Securities and Exchange Commission
.....
.....
 - (b) whose investment strategies are materially different in their nature to those of the existing Funds
.....
.....

4 Service providers/agents

Please provide the list of the Applicant's service providers or agents based on the following functions

	Name of service provider / agent
Fund Management	
Trustee / Responsible Entity	
Custody	
Administration	
Legal	
Audit	
Other	

5 Outside directorship cover

Note

Outside Directorship means the position of director or officer held by any proposed insured person in an Outside Organisation at the request of the Applicant. An Outside Organisation is a company which is not a subsidiary of the Applicant and in which the Applicant holds up to 50% of the issued and outstanding voting shares or is a not for profit entity.

The cover afforded will be excess of any indemnity provided by the Outside Organisation and in excess of any cover provided under the Outside Organisation's insurance policy or policies.

1. Are there any directors, officers or employees that hold an Outside Directorship position in an Outside Organisation? Yes ☐ No ☐

If 'Yes', please complete the following for each Outside Directorship

- (a) Does any Outside Organisation have any securities listed or traded on any exchange in the United States of America or its Territories?

Yes ☐ No ☐ If 'Yes', please provide details

.....

- (b) Does any Outside Organisation have total liabilities exceeding total assets (other than Non Profit Organisations)?

Yes ☐ No ☐ If 'Yes', please provide details

.....

- (c) Does the Outside Organisation derive more than 20% of its revenue from investment banking, hedge funds or private equity Investments?

Yes ☐ No ☐ If 'Yes', please provide details

.....

2. Are any of the Outside Organisations or its directors and officers aware of any claim or circumstances that could give rise to a claim relating to the Outside Organisation?

Yes ☐ No ☐

If 'Yes', please provide full details separately.

6 Internal controls and procedures

1. In respect to the transfer of funds or property to another organisation

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

.....

(b) Are these instructions tested or subject to a call back procedure to an authorised person other than the individual initiating the transfer?

Yes ☐ No ☐ If 'No', please provide details

.....

.....

2. Does the Applicant conduct an independent check of the employment history of any new employees prior to being recruited?

Yes ☐ No ☐

3. Are duties segregated so that no individual can complete an activity from the beginning to the completion of the task without referral to another in respect of:

(a) Opening new bank accounts

Yes ☐ No ☐

(b) Disbursement of assets

Yes ☐ No ☐

(c) Signing cheques or authorising payments greater than \$10,000

Yes ☐ No ☐

(d) Custody of securities

Yes ☐ No ☐

If 'No', please provide details as to alternative arrangements

.....

.....

.....

.....

7 External audits

1. State the name of the external auditors who fully audit your accounts, and whether the firm has changed in the last five years

.....

2. How often are full external audits conducted?

.....

3. Does the audit include all offices and branches, including data processing offices?

Yes ☐ No ☐

4. Does the external auditor:

(a) Regularly review the system of internal control and furnish written reports?

Yes ☐ No ☐

(b) Report directly to the Audit Committee of the Board of Directors?

Yes ☐ No ☐

5. Has the firm rendered an unqualified opinion for each of the last five years?

Yes ☐ No ☐

(a) Have all recommendations been complied with as a result of the most recent audit?

Yes ☐ No ☐

If 'No', have you adopted alternative arrangements to the satisfaction of your auditor?

Yes ☐ No ☐

.....

8 Securities Entity Cover

Coverage is afforded under this extension to the Applicant for claims made against the entity arising out of the sale or purchase of the Applicant's securities.

Would you like Zurich to provide a quotation for this extension to the policy?

Yes ☐ No ☐

9 Insurance details

1. Does the Applicant currently purchase Investment Management Insurance?

Yes ☐ No ☐

If 'Yes', please provide the following information:

(a) Insurer

(b) Limit of Liability

(c) Deductible

(d) Expiry date

2. What coverage is now required:

Directors and Officers Liability Yes ☐ No ☐ Professional Indemnity Yes ☐ No ☐ Crime Yes ☐ No ☐
 Securities Entity Yes ☐ No ☐ Outside Directorship Yes ☐ No ☐

3. What Limit of Liability is required for each section?

Directors and Officers Liability

Professional Indemnity

Crime

Security Entity

Outside Directorship

What Aggregate Limit of Liability is required for each Policy Period?

What Deductible is required?

10 Venture Capital and Private Equity Investment structures

1. Type investment structure

Venture Capital Yes ☐ No ☐ Private Equity Yes ☐ No ☐

2. Legal form/structure of the investment structure. Under which legal form/structure has the investment structure been created?

3. Stage of investment

Seed capital Yes ☐ No ☐ Early to mid stage Yes ☐ No ☐ Late stage Yes ☐ No ☐

4. Investment strategy

Preferred investment strategy

Lead investor Yes ☐ No ☐ Follow investor Yes ☐ No ☐

Preferred deal partners

Name Country

Name Country

Name Country

Name Country

5. Investors profile

Type

Private investors Yes ☐ No ☐ Institutional investor Yes ☐ No ☐

Minimum Investment

Minimum initial investment \$

Minimum follow up investment \$

Geographical restrictions for investors

Home country Yes ☐ No ☐ Continental Europe Yes ☐ No ☐ UK/Ireland Yes ☐ No ☐

North America Yes ☐ No ☐ South America Yes ☐ No ☐ Asia Yes ☐ No ☐

Australia Yes ☐ No ☐ New Zealand Yes ☐ No ☐

10 Venture Capital and Private Equity Investment structures (continued)

6. Portfolio companies

Please complete the attached portfolio company schedule on page 9

7. Services provided to the portfolio companies

Does the Policyholder or any other insured entity render other services to the portfolio companies?

Yes ☐ No ☐

Type service

Fee

\$

\$

\$

Does the Policyholder use a separate written contract for the rendering of such additional services?

Yes ☐ No ☐

8. Exit strategy

What is the preferred exit moment?

Pre-IPO

Yes ☐ No ☐

IPO

Yes ☐ No ☐

SPO

Yes ☐ No ☐

Others

Yes ☐ No ☐

Does the Applicant exit the board as soon an investment is realised?

Yes ☐ No ☐

9. Parallel Investments by the fund management

Does the management make parallel investments?

Yes ☐ No ☐

If 'Yes', please indicate the % of such investments vs. total fund assets

%

10. Additional information

Please add the following documents:

Most recent annual accounts of each portfolio company

11 GST and Stamp duty

1. What is the Applicant's Australian Business Number?

2. Does the Applicant intend to claim an Input Tax Credit for the premium of the proposed policy if provided?

Yes ☐ No ☐

If 'Yes', to what extent is an Input Tax Credit being claimed? (e.g. answer – full claim or %)

3. For the purpose of calculating the stamp duty and GST charges, please provide a breakdown of the number of employees of the Applicant based in each of the following locations

NSW	VIC	QLD	SA	WA
TAS	NT	ACT	OVERSEAS	TOTAL

12 Claims/Circumstances

1. Have any claims ever been made against the Applicant or any past or present director, officer or employee of the Applicant? Yes ☐ No ☐
2. Is the Applicant, or any director, officer or employee aware, after enquiry, of any fact, circumstance, act or omission which may give rise to a claim? Yes ☐ No ☐
3. Has any past or present director or officer of the Applicant ever been declared bankrupt, had any fine or penalty imposed or been subject to any official investigation, inquiry or examination in such capacity? Yes ☐ No ☐
4. Has there ever been, or is there currently pending, any prosecution of the Applicant, or any director, officer or employee of the Applicant? Yes ☐ No ☐
5. Has the Applicant, or any director, officer or employee of the Applicant, ever had an insurer decline a Proposal for, or cancel or refuse to renew, an Investment Management Insurance policy, Directors & Officers Liability Insurance policy, Professional Indemnity Insurance policy, or Crime Insurance policy, or had any special terms or conditions imposed? Yes ☐ No ☐
6. Have any losses been paid on behalf of the Applicant or any past or present director, officer or employee of the Applicant, under any Investment Management Insurance policy, Directors & Officers Liability Insurance policy, Professional Indemnity Insurance policy, or Crime Insurance policy? Yes ☐ No ☐

NOTE: if you answer YES to any of the above questions, please provide full details separately.

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.

Name of Chairperson

Signature of Chairperson	Date
X	/ /

Name of Managing Director/Chief Executive Officer

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

Schedule of proposed Investment structures to be insured

[illegible]

(Question 10)

[illegible]