

Commercial Crime Insurance Proposal [06/08]

Nova Underwriting Pty Ltd
ACN 42 127 786 823 / AFSL 324767

NOTICE TO THE PROPOSED INSURED

[Including notices under the Insurance Contracts Act]

IMPORTANT – PLEASE READ THE FOLLOWING ADVICE BEFORE COMPLETING THIS PROPOSAL

1. 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 [ICA], to disclose to the insurer every matter which 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 us before you renew, extend, vary or reinstate a contract of insurance. Your duty however does not require disclosure of a matter:

- that diminishes the risk to be undertaken by the insurer
- that is common knowledge
- that the insurer knows or, in the ordinary course of business as an insurer, ought to know
- as to know which compliance with your duty is waived by the insurer.

NON-DISCLOSURE

If you fail to comply with your duty of disclosure, the insurer maybe entitled to reduce its 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.

COMMENT

The requirement of full and frank disclosure of anything which may be material to the risk for which you seek cover [EG: claims, whether founded or unfounded], or to the magnitude of the risk, is of the utmost importance with this type of insurance. It is better to err on the side of caution by disclosing anything which might conceivably influence the insurer's consideration of your proposal.

2. AVERAGE PROVISION

If the policy provides that if a payment in excess of the limit of indemnity available under the policy has to be made to dispose of a claim, the insurer's liability for costs and expenses incurred with its consent shall be such proportion thereof as the amount the indemnity available under this policy bears to the amount paid to dispose of the claim.

3. SUBROGATION WAIVER

Our policy contains a provision that has the effect of excluding or limiting cover for a liability incurred as a result of you entering an agreement that impairs your legal rights against another party.

4. PRIVACY

We comply with the Privacy Act when dealing with your personal information. We need to collect personal information to deliver our services and products, and we may also need to pass that information to third parties such as our security, their reinsurers, agents, lawyers and other service providers.

You can have access to, and if necessary, correct your personal information, by contacting our privacy officer.

When you give us personal or sensitive information about other individuals, we rely on you to have made or make them aware that you will or may provide their information to us, the purposes we use it for, the types of third parties that we disclose it to and how they can access it. If it is sensitive information we rely on you to have obtained their consent on these matters. If you have not done either of these things, you must tell us before you provide the relevant information.

5. NOT A RENEWABLE POLICY

Any policy issued by us will terminate at a time and date specified in the policy. There is no right to automatic extension or renewal of the policy. If you wish to effect similar insurance for a subsequent period, it is necessary to complete a new proposal prior to the termination of the expiring policy so that we may consider whether or not to offer a replacement policy, and if so, on what terms.

6. GENERAL INSURANCE CODE OF PRACTICE

We have adopted the General Insurance Code of Practice. The purpose of the Code is to raise standards of practice and service in the general insurance industry, including the manner in which complaints must be handled. For further information about the Code, visit our website www.novaunderwriting.com.au or visit the Code website www.codeofpractice.com.au or contact our Compliance Manager. As part of our Code compliance obligations, we advise that the key factors affecting premiums are the nature and size of the risk, and the claims experience.

IMPORTANT:

- Please answer ALL questions fully. If there is insufficient space, please provide details on your own letterhead, and attach to this form.
- Where provided, tick the appropriate box to indicate your answer.

<p>1. Name of proposer in full, and principal location:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>2. Nature of business and operations:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p>3. Number of employees:</p> <p>_____</p>
<p>4. Annual wagheroll/salaries</p> <p>_____</p>
<p>5. Annual group turnover:</p> <p>_____</p>
<p>6. a) Number of locations in Australia:</p> <p>_____</p> <p>b) Number of locations overseas:</p> <p>_____</p> <p>c) Do you require cover for the overseas locations? If so, please specify which:</p> <p>_____</p> <p>_____</p>

7. a) Name of external auditors:

b) Do they audit all operations?

c) Are there any recommendations which have been made about internal systems which have not been implemented? If "Yes", please detail:

8. Is there an internal audit department?

If so, do they:

a) Have an established audit cycle of all operations?

b) Audit all premises on a regular basis?

c) Audit computer records in storage?

d) Audit all EDP functions?

e) Approve all amendments to computer programmes before they are released to users?

f) Run a "test deck" to detect changes made without authorisation?

g) Carry out regular random and surprise checks on stocks of raw materials, work in progress and finished goods?

What are the procedures for the implementation of internal audit recommendations?

<p>9. What are the procedures used for recruiting new employees and assessing their suitability for positions of trust?</p> <hr/> <hr/>
<p>10. Are all employees required to take two weeks uninterrupted holiday each year?</p> <hr/>
<p>11. Are wages/salaries independently checked against personnel records?</p> <hr/>
<p>12. Are duties of employees segregated so that no individual can control the following transactions from commencement to completion:</p> <ul style="list-style-type: none">a) Signing cheques in excess of AUD 20,000 <hr/>b) Issuing funds transfer instructions? <hr/>c) Issuing amendments to funds transfer procedures? <hr/>d) Investment in and custody of securities or other valuables (including blank cheques, travellers cheques, bills of exchange and the like)? <hr/>e) Authorising capital expenditure or the awarding of contracts in excess of AUD 20,000 <hr/>
<p>13. Are monthly statements of account sent to customers independently of employees receiving payment?</p> <hr/>

14. Is the reconciliation of bank statements and client accounts carried out by employees not authorised to deposit/withdraw funds, issue funds transfer instructions or dispatch accounts to clients?

15. a) Is access to the computer system restricted by passwords used to afford varying levels of entry depending on the business need and authorisation of the user?

b) Does the system regularly require that passwords are changed?

c) Are passwords changed when there is a turnover of knowledgeable employees?

d) Are all source documents secured to prevent unauthorised use of or modifications to data before entering the computer system?

e) Are unique passwords used to identify each terminal?

f) Is the use of terminals restricted to authorised employees only?

g) Is there an error and exception log which is regularly reviewed and which identifies terminals and user identification number?

16. a) Does your computer system offer a dial-up facility?

b) If so, is this restricted solely to the provision of information or an electronic mail function?

17. Do you operate a Treasury Department?

If so, do you have a procedures manual? (please provide a copy if applicable)

18. a) Do you operate any form of funds transfer system? Please specify:

b) What is the annual volume of funds transfer instructions given to financial institutions?

c) What procedure is used to issue and authorise such instructions?

d) Are these all on a pre-formatted basis?

e) Are banks required to authenticate instructions before payment?

f) Are all instructions confirmed in writing within 24 hours?

19. Have you, or any of your directors or partners ever been convicted of or charged with (but not yet tried) a criminal offence other than a motoring offence?

If "Yes", please provide details:

20. Please provide brief details of all losses, whether insured or not, sustained during the last five years. [Note: these figures should be gross of any deductible].

Date Discovered	Location	Nature of Loss	Amount

Please attach full details of the circumstances of any substantial loss and the corrective measures taken to prevent a re-occurrence.

21. Basis of cover required:

Insuring Clause

Limit of
Indemnity

Deductible

- 1) Fidelity
- 2) Third Party
Computer and Funds
Transfer Fraud

Automatic Extensions:

- A) Premises
- B) Transit
- C) Depositors
Forgery
- D) Cheque Forgery
- E) Internet Liability

DECLARATION

**I/We declare that these statements made by me/us or on my/our behalf are to the best of my knowledge and belief true and complete and shall be incorporated in the contract between me/us and the insurers.
I/we agree to accept a policy in the insurer's usual form [or as may be agreed] for Commercial Crime Insurance.**

Signing this proposal form does not bind the proposer to complete this insurance

Signed

Title of officer

Dated

Signed

Title of officer

Dated

For and on behalf of

(Name of Proposer)