

**MANAGEMENT LIABILITY INSURANCE PROPOSAL – 06/08**

**Nova Underwriting Pty Ltd**

ABN 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. CLAIMS MADE POLICY**

This proposal is for a “claims made and notified” policy of insurance. This means that the policy covers you for claims made against you and notified to the insurer during the period of cover. This policy does not provide cover in relation to:

- Acts, errors or omissions actually or allegedly committed prior to the retroactive date of the policy[if such a date is specified].
- Claims made after the expiry of the period of cover even though the act, error or omission giving rise to the claim may have been committed during the period of cover.
- Claims notified or arising out of facts or circumstances notified [or which ought reasonably to have been notified] under any previous policy.
- Claims made, threatened or intimated against you prior to the commencement of the period of cover.
- Facts or circumstances of which you first became aware of those facts but before the expiry of the period of cover, you may have rights under Section 40[3] of the ICA to be covered for claims arising from those facts, even though

the claim is made against you after the period of cover has expired. Any such rights arise under the ICA only, and not by medium of the policy.

### **3. 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.

### **4. 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.

### **5. 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.

### **6. 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.

### **7. 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](http://www.novaunderwriting.com.au) or visit the Code website [www.codeofpractice.com.au](http://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.

**APPLICANT'S DETAILS**

1. Name of Organisation:
2. Business activities:
3. Turnover last financial year:   
Website address:
4. Assets at last balance date:
5. Date established:
6. Legal status of Organisation:  
Listed:  Mutual/Co-op  Private:  Non-Profit:   
Unlisted:  Other [specify]
8. Has the Organisation acquired or created any subsidiary entity in the past 3 years? Yes  No

*If "Yes", please complete the following table:*

NAME OF ENTITY	BUSINESS ACTIVITIES	% OWNED	DATE ACQUIRED/CREATED

9. Does any shareholder own or control more than 15% of the equity of the Organisation ? Yes  No
- If "Yes", please provide the names of such shareholders and their shareholdings:*
- |  |
|--|
|  |
|  |

9. Does the Organisation manage funds or property for third parties? Yes  No

If "Yes", please provide details:


**CURRENT FINANCIAL POSITION OF THE ORGANISATION:**

10. Is the Organisation trading profitably? Yes  No
11. Is the Organisation solvent and able to meet its debts as and when they fall due? Yes  No
12. Are there any matters not disclosed in your latest annual report that could affect the ability of the Organisation to continue to trade as a going concern? Yes  No
13. Has there been any change in the financial position or capital structure for the Organisation since last balance date which materially affects the financial position of the Organisation? Yes  No
14. Has any event occurred, or any trend become evident, since last balance date, that materially affects the financial position or future viability of the Organisation? Yes  No
15. Are group tax payments in arrears? Yes  No

If you have answered "No" to questions 10 or 11, or "Yes" to questions 12-15, please attach details.

**EMPLOYMENT PRACTICES DETAILS:**

16. Personnel numbers for past 3 years:

CATEGORY	200	200	200
Full time #'s			
Part time #'s			
Temporary #'s			
Contractors #'s			
TOTAL:			
Turnover rate [%]	%	%	%

17. Number of employees in following salary ranges:  
 \$0 - \$35,000  >\$35,000 - \$100,000  >\$100,000

18. Did the Organisation initiate any employment terminations in the past 3 years? Yes  No

*If "Yes", please advice reason for termination and employee's position in the Organisation:*


19. Does the Organisation anticipate any employment terminations occurring in the next 18 months? Yes  No

*If "Yes", please provide details:*


20. Are written workplace policies in place regarding opportunity, sexual harassment, discrimination, and the procedures to be followed before terminating employment?

Yes  No

*If "No", please provide details:*


**SUPERANNUATION TRUSTEE'S DETAILS:**

21. Do any employees of the Organisation act as superannuation fund trustees? Yes  No

*If "Yes", please answer questions 22-27. If "No", please go to question 28.*

22. Name of superannuation fund:

23. Legal status of fund:  
Accumulation  Defined Benefits  Industry   
Other [specify]:

24. Has the fund ever received a notice of non-compliance form any regulatory authority? Yes  No

*If "Yes", please provide details:*


25. Please provide the names of any investment manager, external administrator, actuary, auditor or other service provider used by the fund:


26. Are the assets of the fund considered adequate to meet its future liabilities to its members? Yes  No

*If "No", please provide details:*


27. Please complete the following table in relation to the fund for the past 2 years:

	200-	200-
Total Assets		
Total Members		

**FIDELITY DETAILS:**

28. Can any one person request or authorise expenditure, refunds AND sign cheques or return goods for the same transaction? Yes  No

*If "Yes", please provide details:*


29. Can any one person request AND authorise a transfer of funds for the same transaction? Yes  No

*If "Yes", please provide details:*


30. Are 2 signatures required on all cheques or fund transfers? Yes  No

*If "No", please provide details, including the name and title of the person involved and their limit of authority:*


31. Are all bank accounts reconciled by someone not authorised to deposit or withdraw funds in/from that account? Yes  No

*If "No", please provide details:*


32. Are all wages/salaries reconciled against personnel records on a monthly or quarterly basis for unusual or excessive payments? Yes  No

*If "No", please provide details:*


33. Does the Organisation insist that all employees take at least 2 weeks of uninterrupted leave each year?

Yes  No

*If "No", please provide details of the leave policy of the Organisation:*


34. Does the Organisation carry stock, raw materials or finished goods? Yes  No   
*If "Yes", please advise details of regular physical stocktakes or stock counts undertaken and reconciled against inventory records:*


**INSURANCE AND CLAIMS HISTORY:**

35. Has the Organisation ever been refused this type of insurance, or had this or similar insurance cancelled, declined or special terms imposed? Yes  No   
*If "Yes", please provide details:*


36. Has the Organisation, or any of its employees or directors, ever been the subject of any investigation, inquiry, prosecution, complaint, suit or other proceedings? Yes  No   
*If "Yes", please provide details:*


37. Has the Organisation ever suffered loss from dishonesty, theft, burglary, robbery, destruction of property or forgery losses caused by its employees or directors? Yes  No   
*If "Yes", please provide details:*


38. Is the Organisation, or any of its employees or directors, aware of any facts or circumstances which might result in claims or prosecutions being made against them? Yes  No   
*If "Yes", please provide details:*


39. Have any claims or prosecutions ever been made against the Organisation, or any of its employees or directors? Yes  No   
*If "Yes", please provide details:*


**NOTE: THE PROPOSED INSURANCE WILL NOT COVER CLAIMS OR ACTIONS ARISING OUT OF ANY EXISTING MATTER, FACT OR CIRCUMSTANCE PERTAINING TO QUESTIONS 36 TO 39, REGARDLESS OF WHETHER SUCH MATTERS, FACTS OR CIRCUMSTANCES ARE DISCLOSED HERE OR NOT.**

**INSURANCE REQUIREMENTS:**

40. Please Indicate preferred limit(s) of cover sought for the following sections of cover:

- Directors or Officers, Company Reimbursement, Company Liability, Employment Practices Liability and Trustee Liability:

\$	\$	\$
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- Fidelity Loss:

\$	\$	\$
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- Crisis Loss:

\$	\$	\$
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- Pollution:

\$	\$	\$
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- Pecuniary Penalties:

\$	\$	\$
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41. Please indicate preferred excess:

\$
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**OTHER INFORMATION:**

42. Please provide a copy of the Organisation's:

- consolidated [preferably audited] financial statements and annual reports for the past 2 financial periods.
- latest interim financial statements if those financial statements are more than 9 months old.

43. For the purposes of determining stamp duty, please provide a breakdown of the Organisation's employees by state and overseas:

ACT	NSW	NT	QLD	SA	TAS	VIC	WA	OVERSEAS
%	%	%	%	%	%	%	%	%

**DECLARATION:**

The signatory declares:

- that the signatory is authorised to make this proposal on behalf of all persons and entities seeking insurance.
- that the signatory has read and understood the “Notice to the Proposed Insured” at the front of this proposal.
- that the information supplied in this proposal [and any attachments relating to it] is true and correct.
- that the signatory understands and acknowledges that Nova Underwriting Pty Ltd relies on the information contained in the proposal [and any attachments relating to it].
- The signatory understands and acknowledges that the proposal [and any attachments to it] and any other information supplied to Nova Underwriting Pty Ltd in support of this application for insurance shall form the basis of any contract of insurance subsequently effected.

**Name of Signatory:** \_\_\_\_\_

**Position:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:**     /     / \_\_\_\_\_