

Proposal

Professional Indemnity Insurance

NOTICE TO THE APPLICANT FOR INSURANCE

1. YOUR DUTY OF DISCLOSURE

Before you enter into a contract of general insurance with the insurers, you have a duty, under the Insurance Contracts Act 1984, to disclose to the insurers every matter which you know, or could reasonably be expected to know, is relevant to the insurers' decision whether to accept the insurance risk and, if so, on what terms. You have the same duty to disclose those matters to the insurers 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 insurers;
that is common knowledge;
that the insurers know or, in the ordinary course of business as insurers, ought to know;
as to which compliance with your duty is waived by the insurers.

NON-DISCLOSURE

If you fail to comply with your duty of disclosure, the insurers 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 insurers 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 (e.g. 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 that might conceivably influence the insurers' 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 indemnifies you for claims made against an insured and notified to the insurers during the period of insurance. The policy does not provide indemnity in relation to:
claims arising acts errors or omissions committed prior to the retroactive date of the policy (if such a date is specified);
claims made, threatened or intimated prior to the commencement of the period of insurance;
claims made after expiry of the period of insurance even though the facts or circumstances giving rise to the claim may have occurred during the period of insurance;
claims arising from facts or circumstances notified (or which ought reasonably to have been notified) under any previous insurance policy;
claims arising from facts or circumstances noted on the proposal form for the current period of insurance or on any previous proposal form;
claims arising from facts or circumstances of which you first became aware prior to the commencement of the period of insurance, and which you knew or ought reasonably to have known might to give rise to a claim under this policy.

COMMENT: The effect of Section 40 (3) of the Insurance Contracts Act 1984 is that where an insured gives notice in writing to the insurer of facts that might give rise to a claim against the insured as soon as was reasonably practicable after the insured became aware of those facts but before the insurance cover provided by the contract expired, the insurer is not relieved of liability under the contract in respect of the claim, when made, by reason only that it was made after expiration of the period of the insurance cover provided by the contract.

Please note that you will only be covered for a claim after expiry of the period of cover if you comply with the statutory benefit provided by section 40 (3) of the Insurance Contracts Act 1984. There is no right to obtain this protection under the terms of the policy and the effect of the policy is that you are not covered for claims made after the expiry of cover.

3. UNDERINSURANCE

The policy provides that if a payment in excess of the limit of liability available under the policy is made to dispose of a claim, the insurers' liability for defence costs incurred with their consent shall be such proportion of the total defence costs as the limit of liability available under the policy bears to the amount paid to dispose of the claim. Where the insurers have incurred more than their share of defence costs, you are liable to repay the additional amount to them. Alternatively, the insurers may set off that additional amount against your entitlements under the policy.

4. RIGHTS OF RECOVERY

The policy does not cover liability, loss or damage in respect of which you have at any time foregone, excluded or limited a right of recovery.

5. ALTERATION TO YOUR BUSINESS

The Insured must notify Us in writing within 7 days of any material alteration to the Insured's Professional Business, including but not limited to:

any material alteration made or permitted by the Insured to the nature of the Insured's Professional Business;

any acquisition by the Insured of, or merger of the Insured with, any other business, whether or not of the same nature as the Insured's professional business;

- (a) (where the Insured is a natural person) the Insured becoming a bankrupt or entering into a debt agreement under Part IX of the Bankruptcy Act or entering into an arrangement with creditors under Part X of the Bankruptcy Act; or
- (b) (where the Insured is a company or body corporate) the appointment of an administrator, receiver, provisional liquidator or liquidator to the Insured;
- (c) If an Insured's statutory registration or registration with their professional association is cancelled, suspended or has conditions imposed.

Important note:

Please answer all questions fully. If there is insufficient space in the form, please supply the details in a separate signed and dated attachment on your letterhead.
Where applicable, delete the inappropriate answer or tick the appropriate box.

YOUR BROKER

BROKERS NAME:	
AFS LICENCE No.	ABN

YOUR DETAILS

1. Full name of **ALL** entities to be insured (it is essential to specify the names of all entities including service, administrative or nominee companies and subsidiaries that you wish to be covered by the policy for which you are applying.)

	ABN
	ABN
	ABN

2. Address of head office or principal office.

3. Address(es) of branch offices or other locations.

4. Date on which the business was established. ____ / ____ / ____

5. Professional Business: _____

6. Please supply the following details:

Names of all partners/principals/directors	Age	Professional Qualifications	Date qualified	Date appointed partners/principals/directors

7. Please supply total numbers of:

(i)	Partners / principals / directors		(v)	Non-technical administrative staff	
(ii)	Professionally qualified staff not included in (i) above		(vi)	Clerical staff (typists, receptionists, office juniors, etc)	
(iii)	Other technical staff		(vii)	Other staff (please specify)	
(iv)	Trainee technical staff			TOTAL	

(Please enclose a curriculum vitae for all partners/principals/directors detailing qualifications and a summary of relevant experience)

8. **Sole practitioners only** – Please supply details of the experience of your assistants and their length of service.

9. **Sole practitioners only** – Please advise what arrangements you have in place to assist during your temporary absence on business, leave, sickness or for any unforeseen emergency.

DETAILS OF YOUR BUSINESS

10. (a) Has the name of the business ever changed? **Yes No**
 (b) Has any other business or practice amalgamated or merged with you? **Yes No**
 (c) Have you purchased any other business or practice? **Yes No**

If you have answered **Yes** to questions 10 (a), (b) or (c), please supply the details.

11. Is any partner, principal or director connected or associated (financially or otherwise) with any other business or practice? **Yes No**

If **Yes**, please supply the details.

12. Please list the professional bodies or associations to which you belong.

13. (a) Please describe the precise nature of your activities or business.

(b) Please list the categories of activities or business described in Question 13 (a) and indicate the approximate percentage of your income derived from each category.

Type of work	Percentage
Total:	100%

(c) Do you always confirm verbal reports and advice in writing? **Yes** **No**
 If **No**, how do you substantiate such verbal reports or advice?

14. Do you provide written reports to your clients? **Yes** **No**

If **Yes**, please provide sample copies of typical reports together with details of any disclaimer or warranties used in connection with such reports.

15. Please provide a brief description of each of the five (5) largest contracts undertaken by you during the last three (3) years and the income derived from each contract.

Brief description of Contract	Income A\$

16. Does any contract or client represent more than 25% of your workload or income? **Yes No**

If **Yes**, please supply the details.

17. Do you engage consultants, sub-contractors or agents? **Yes No**

If **Yes**, please answer the following question:

(a) Do you always insist and confirm that they carry their own professional indemnity insurance? **Yes No**

If **No**, please explain the circumstances under which you would insist that they carry such insurance.

Comment: (For your own protection, we recommend that you always insist that such consultants, sub-contractors or agents carry sufficient professional indemnity insurance)

(b) Do you ever enter into hold-harmless agreements or otherwise waive any legal right or entitlement that you may have against such consultants, sub-contractors or agents? **Yes No**

If **Yes**, please provide full details, including copies of any such agreements.

18. (a) Has there been any substantial change in your activities during the last 12 months? **Yes No**

(b) Do you envisage any substantial change in your activities or are any major new operations contemplated during the next 12 months? **Yes No**

If you have answered **Yes** to questions 18 (a) or (b), please supply the details.

19. Do you have any brochures or other promotional material (including capability statements) describing your activities or services? **Yes No**

If **Yes**, please enclose copies.

20. Do you perform work outside Australia, or work for clients located overseas? **Yes** **No**

If **Yes**, please provide details.

FINANCIAL DETAILS

21. (a) Please state the date of your financial year-end. **Day** _____ **Month** _____

(b) Please supply details of gross income or fees in Australian dollars (A\$) for the following:

	Last Calendar Year		O R	Last Financial Year	
	Australia	Overseas		Australia	Overseas
(i) Estimate for current year					
(ii) Last year					
(iii) Year previous to (ii)					

(c) Please state the amount of the largest annual income derived from any one client.

Last Calendar Year		or	Last Financial Year	
Australia	Overseas		Australia	Overseas

(d) Please identify those countries in which you have earned, or intend to earn, any income.

Australia:	New Zealand:	Other:
For Other (please specify the countries):		

22. Please state the approximate percentage of your activities (based on income) applicable to each State, Territory and Overseas.

WA	NSW	NT	QLD	SA	TAS	VIC	ACT	O/S
%	%	%	%	%	%	%	%	%

23. In the last ten (10) years, have any claims for negligence or breach of professional duty been made against your business or practice or any of its predecessors in business or any prior business or practice of any of its present or former partners, principals or directors (**whether or not you consider there is or was a liability**), or has any fact or circumstance been notified to insurers that has the potential to give rise to such a claim? **Yes** **No**

If **Yes**, please provide the following details in respect of each claim, fact or circumstance:

Date Matter Notified	Name of insurer (if any)	Name of claimant or potential claimant	Brief description of matter	Amount paid if finalised or estimated potential liability if not finalised	Is matter finalised or still outstanding?

- 24 Are any of the partners, principals or directors, **AFTER ENQUIRY**, aware of any fact or circumstance which has the potential to give rise to a claim against your business or practice or any prior business or practice of any of their present or former partners, principals or directors (**whether or not you consider there is a liability**), which fact or circumstance is not referred to in question 23 above? **Yes No**

If **Yes**, please provide the following details in respect of each claim, fact or circumstance:

Name of claimant or potential claimant	Brief description of matter	Estimate of potential liability

- 25 Please provide details of your procedures for collating, recording and reporting to your insurers:

- (i) facts or circumstances which might give rise to claims; and
- (ii) claims under professional indemnity insurances.

26. Has any partner, principal, director or staff member ever been subject to disciplinary proceedings for professional misconduct? **Yes No**

If **Yes**, please supply the details.

27. Are any of the partners, principals or directors, **AFTER ENQUIRY**, aware of any inquiry (including any coronial inquiry or any inquiry under the disciplinary rules of a professional association of which they are a member) or other similar process relating to or connected with the affairs of your business which you may be required to attend? **Yes No**

If **Yes**, please provide the following details in respect of each inquiry or similar process:

28. (a) Does your business or practice currently carry or has it carried professional indemnity insurance? **Yes No**

If **Yes**, please provide the following details:

Insurer: _____

Expiry date: Day _____ Month _____ Year _____

Limit of liability: \$ _____ any one claim \$ _____ in the aggregate

Deductible: \$ _____

(b) Has your business or practice or any partner, principal or director ever been declined this type of insurance, or had similar insurance cancelled, or had an application for renewal declined, or had special terms or restrictions imposed? **Yes No**

If **Yes**, please supply the details.

REQUIRED INSURANCE COVER

29. (a) Limit of liability required – any one claim and in the aggregate A\$ _____

(b) Deductible required A\$ _____

(Policy terms and sub-limits may apply - please read the policy carefully)

30. Previous business

Do you require cover for any of your partners or directors in respect of a previous business of theirs?

Yes No

If yes, please complete (a) and (b)

(a) Limit of liability required – any one claim and in the aggregate: A\$_____

(b) Please identify the previous practices with which **all** partners, principals & directors have been associated.

Names of Partners/Principals/Directors	Name of Previous Practice	Period practising as Partner/Principal/Director

31. Fidelity

Do you require Fidelity cover?

Yes No

If **Yes**, please complete this question.

NOTE: Provided that the insurers are satisfied with your answers to this question, **the indemnity available under this Insuring Clause will be sub-limited.**

Limit of liability required – **any one claim and in the aggregate** A\$_____

(If insurers are prepared to offer a higher limit, an additional premium will apply)

(a) Does your business or practice carry any fidelity guarantee insurance?

Yes No

If **Yes**, please supply the following details:

Insurer: _____

Expiry date: Day ._____ Month _____ Year _____

Sum insured: \$_____ Deductible: \$_____

(b) Have you ever sustained any loss through the fraud or dishonesty of any employee? **Yes No**

If **Yes**, please supply the relevant details and advise what precautions have been taken to prevent a reoccurrence.

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- (c) (i) Are cash, securities and negotiable instruments subject to control by a partner, principal or director, or by at least two Employees? **Yes No**
- (ii) Are cheques signed/co-signed by a partner, principal or director, or by at least two Employees? **Yes No**
- (iii) Is bank reconciliation carried out by someone not authorised to deposit into or withdraw from the bank accounts? **Yes No**
- (iv) Do you apply the principle of separation of duties, as much as is practicable, in order to minimise the incidence of fraud and dishonesty by Employees? **Yes No**
- (v) Do you always require and obtain satisfactory references before hiring Employees? **Yes No**

If you answered **No** to any of the above questions, please supply the relevant details and indicate what extra precautions you take to minimise the chances of fraud or dishonesty by an Employee.

PRIVACY STATEMENT AND AUTHORITY

We have always valued Your privacy. We are bound by the *Privacy Act 1988* and the Insurance Council of Australia Privacy Code when We collect and handle Your personal information.

About your information

We collect, use and store personal information that is necessary to provide and manage the products or services We offer, develop and identify products and services that may interest You and to conduct market or customer satisfaction research.

We disclose personal information to third parties when necessary to assist Us and them in providing and managing the relevant services and products. This may include agents, brokers, contractors, insurers, reinsurers, loss assessors, medical practitioners, insurance intermediaries, insurance reference bureaus, credit reference agencies and regulators such as the Australian Securities and Investments Commission and the Australian Prudential Regulatory Authority, Our and Your advisers, persons involved in the claims handling process, Government authorities, courts, tribunals or other dispute resolution bodies. We limit the use and disclosure of any personal information provided by Us to them to the specific purpose for which We supplied it. You authorise PRP and the insurers, that act as our principals, to collect, use, store and disclose Your personal information for these purposes.

You also give express authority for PRP and the insurers, that act as our principals, to, where applicable:

- obtain details of any insurance held by You now or in the past, or any claims experience under that insurance, whether with PRP or another organisation, which may be relevant to the acceptance of Your application or proposal, or to the resolution of a claim; and
- collect, use, store and disclose Your personal information that amounts to sensitive information under the Act, as required to provide and manage the relevant product or service.

Personal information about others

If We give You personal information, You and Your representatives must only use it for the purposes to which We agree. Where relevant, You must meet the requirements of the Privacy Act when collecting, using, disclosing and handling personal information on Our behalf. You must also ensure that Your agents, employees and contractors meet the above requirements.

When You give us personal 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 and the types of third parties We may provide it to, the relevant purposes We, the insurers and the third parties will use it for, 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 or will not do either of these things, You must tell Us before you provide the relevant information.

If You provide Us with personal information or make an application for insurance to Us, We will consider You have accepted the terms and conditions of this Privacy Statement unless you tell us in writing otherwise. You can also withdraw your consent at any time by advising us in writing.

If You do not agree to the above We may not be able to provide You with Our services or products. If You wish to request access or correction to the information We hold about You, opt out of receiving materials We send or request a copy of Our privacy policy then contact the Privacy Manager, further information about Professional Risk Replacement's privacy policy is available at www.priskp.com.au

DECLARATION

I the undersigned, after enquiry, declare as follows:

(1) I am authorised by each of the persons or entities in the definition of the “Insured” on page 2 of this proposal to make this declaration.

(2) I have read and understood the “Notice to the applicant for insurance” on the front of this proposal.

(3) I have read this proposal and the accompanying documents and acknowledge the contents of same to be true and complete.

(4) I understand that, up until a contract of insurance is entered into, the Insured is under a continuing obligation to immediately inform the insurers of any change in the particulars or statements contained in this proposal or in the accompanying documents.

Although the signing of this proposal does not bind the applicants to effect insurance, I acknowledge that the particulars and statements contained in this proposal and in the accompanying documents shall be the basis of the contract if a policy is issued. I also acknowledge that the proposal and the accompanying documents will be incorporated in the contract of insurance.

Name of business or practice: _____

Signed: Partner, principal or director: _____

Name of signatory: _____

Date: _____

Comments:

Professional Indemnity Checklist

- 1: Check all questions are answered.
- 2: Confirm the fee income for the last year and the coming year is correct and reflects only the fees received for design/advice work.
- 3: Supply resumes of principals.
- 4: Make sure there is a good description of business activities and where possible supply a brochure or website address.
- 5: If the client is a Mortgage Broker, Financial Planner, Real Estate Agent, Engineer or Accountant the relevant Addendum is completed.

All Checked