

COMMERCIAL CRIME INSURANCE PROPOSAL

NOTICE TO THE PROPOSED INSURED
[Including notices under the Insurance Contracts Act]

Nova Underwriting Pty Ltd
ABN 42 127 786 123 / AFSL 324767

**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.

7. UTMOST GOOD FAITH

Every insurance contract is subject to the doctrine of utmost good faith which requires the contracting parties to act toward each other with the utmost good faith. Failure to do so on your part may prejudice any claim or the continuation of the insurance contract.

8. CHANGE OF RISK OR CIRCUMSTANCES

The terms of any policy issued by us are based and rely on the information provided to us. If any material change occurs to the information provided on or with this proposal prior to inception of the policy, you must tell us about these changes before the policy incepts, as failure to do so could prejudice any claim and/or continuation of the policy.

9. OUR POLICY

You should familiarise yourself with our standard policy wording before submitting this proposal to us. Obtain a copy from your broker, us or download from www.novaunderwriting.com.au

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 proposer in full:

Principal Location:

2. Nature of business and operations:

3. a) Total number of employees:

b) Number of employees engaged in handling cash, cheques, stock or management:

4. Annual waggeroll/salaries:

\$

5. Annual group turnover :

\$

6. a) Number of locations overseas

b) Do you require cover for the overseas locations?

Yes

No

If "Yes", please specify which:

AUDIT & CORPORATE GOVERNANCE

7. a) Name of external auditors:

b) Do they audit all operations?

Yes

No

c) Are there any recommendations from your last audit which have been made about internal controls which have not been implemented?

Yes

No

If "Yes", please detail:

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d) Is there an audit committee which monitors the effectiveness of internal controls and reports directly to the board?	Yes	No
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8. Is there an internal audit department?	Yes	No
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If "Yes" do they:

a) Have an established audit cycle of all operations?	Yes	No
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b) Audit all premises on a regular basis?	Yes	No
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c) Audit computer records in storage?	Yes	No
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d) Audit all EDP functions?	Yes	No
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e) Approve all amendments to computer programmes before they are released to users?	Yes	No
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f) Run a "test check" to detect changes made without authorisation?	Yes	No
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g) Carry out regular random and surprise checks on stocks of raw materials, work in progress and finished goods?	Yes	No
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What are the procedures for the implementation of internal audit recommendations?

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PERSONNEL & FINANCIAL CONTROLS

9. What are the procedures used for recruiting new employees and assessing their suitability for positions of trust?

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10. Are all employees required to take two weeks uninterrupted holiday each year?	Yes	No
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11. Are wages/salaries independently checked against personnel records?	Yes	No
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12. Are duties of employees segregated so that no individual can control the following transactions from commencement to completion:

a) Signing cheques or authorising payments in excess of \$10,000?	Yes	No
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|---|------------|-----------|
| b) Issuing funds transfer instructions? | Yes | No |
| c) Issuing amendments to funds transfer procedures? | Yes | No |
| d) Investment in and custody of securities or other valuables (including blank cheques, travellers cheques, bills of exchange and the like)? | Yes | No |
| e) Authorising capital expenditure or the awarding of contracts in excess of \$10,000? | Yes | No |
| f) Refund money or return goods over \$10,000? | Yes | No |
| 13. Are monthly statements of account sent to customers independently of employees receiving payment? | Yes | No |
| 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? | Yes | No |

COMPUTER SYSTEMS

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|---|------------|-----------|
| 15. a) Is access restricted by passwords used to afford varying levels of entry depending on the business need and authorisation of the user? | Yes | No |
| b) Does the system regularly require that passwords are changed? | Yes | No |
| c) Are passwords changed when there is a turnover of knowledgeable employees? | Yes | No |
| d) Are all source documents secured to prevent unauthorised use of or modifications to data before entering the computer system? | Yes | No |
| e) Are unique passwords used to identify each terminal? | Yes | No |
| f) Is the use of terminals restricted to authorised employees only? | Yes | No |
| g) Is there an error and exception log which is regularly reviewed and which identifies terminals and user identification number? | Yes | No |
| h) Is the computer system firewall protected to detect unauthorised access? | Yes | No |
| i) Is the computer system protected by virus detection and repair software? | Yes | No |

FUNDS TRANSFER*

*Means any instructions (other than cheques) given to a financial institution to pay or deliver funds.

16. a) What is the annual value of funds transfers?
- b) Describe the method(s) of instruction (EG: written, electronic, telephonic, etc):
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- | | | |
|---|------------|-----------|
| c) Can payment instructions be made to an account which has not be pre-agreed?: | Yes | No |
| d) What procedures are used to secure, issue and authorise such instructions? | | |
| | | |
| e) Are banks required to authenticate instructions before payment? | Yes | No |
| f) Are all instructions confirmed in writing within 24 hours? | Yes | No |

STOCK & PHYSICAL SECURITY

17. In relation to the above:

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|--|------------|-----------|
| a) Is there controlled access to all locations? | Yes | No |
| b) Are all premises containing stock, money, securities, precious metals etc. connected to an intruder alarm? | Yes | No |
| c) Are intruder alarms maintained in proper working order and connected to a central station or police station? | Yes | No |
| d) Is an independent physical count of stock, raw materials, work in progress and finished goods undertaken and is this count reconciled against stock levels? | Yes | No |

If **"Yes"**, how frequently?

- | | | |
|--|----|--|
| e) What is the minimum value of transfer of money and securities usually made by a security or professional cash carrying company? | \$ | |
| f) What is the maximum value of money, securities, precious metals and/or jewellery at any one location: | | |
| • During business hours? | \$ | |
| • Outside business hours? | \$ | |

SUPPLIERS/SERVICE PROVIDERS OUTSOURCING

18. In relation to the above:

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|---|------------|-----------|
| a) Do you maintain an approved suppliers list? | Yes | No |
| b) Are suppliers, service providers and outsourcing companies vetted for competency, financial stability and honesty before being approved? | Yes | No |
| c) Are all suppliers, service providers and outsourcing companies appointed under written contract? | Yes | No |
| d) Are procedures in place to assess the suitability of trustees; fiduciaries; administrators or officers of any of your Pension Plans? | Yes | No |

e) Do you outsource any activities to third party service providers? **Yes** **No**

If "Yes", please provide more details on the services provided:

f) Do you audit outsourcing companies during the term of their contract? **Yes** **No**

g) If the services provider or outsourcing company operates in your premises, are their employees under your daily management control? **Yes** **No**

HISTORY & EXPERIENCE

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? **Yes** **No**

If "Yes", please provide details:

20. Please provide brief details of all losses, whether insured or not, sustained during the last five years.

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 similar losses.

INSURANCE REQUIREMENTS

21. Please complete the following:

Sum Insured:

\$

Deductible:

\$

22. For the purpose of determining stamp duty, please provide a breakdown of your 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: