



Investment Managers Insurance

MORTGAGE FUND ADDENDUM

Important Information for the Applicant

Please read the following information before completing this Proposal

Your 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, to disclose to the insurer every matter that you may be aware of, or could reasonably be expected to be aware of, that is relevant to the insurers decision about insuring you and if so, on what terms.

You have the same duty to disclose these 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 which the duty is waived by the insurer.
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Non-Disclosure

If you fail to comply with your duty of disclosure, the insurer 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 insurer may also have the option of avoiding the contract from the beginning.

It is therefore vital that you enquire of all entities comprising the insured, including senior staff, before completing the proposal form and before you sign any declaration confirming no change in the information disclosed.

Claims Made Policy

This proposal form is for Professional Indemnity Insurance which is a "Claims Made" policy. This means the policy covers you for claims made against you and notified to the insurer during the period of insurance.

It does not provide cover in relation to:

- events which occurred prior to the policy's retroactive date, if any, specified in the schedule;
- claims made, threatened or intimated before the period of insurance commenced;
- claims arising from factors or circumstances of which you first became aware before the commencement of the policy and which you knew or ought to have known, had the potential to give rise to a claim under the policy or any previous policy;
- claims arising from circumstances noted on the proposal form or any previous proposal form.
- Subject to what is said in the next paragraph, claims made after the period of insurance expires even where the event giving rise to the claim occurred during the period of insurance.

However, where you give notice, pursuant to Section 40 (3) of the Insurance Contracts Act, to the Insurer of facts that might give rise to a claim against you prior to the expiry of the period of insurance, the policy will, subject to its terms and conditions, cover you notwithstanding that a claim is only made after the expiry of the period of insurance.

Average Provision

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

Surrender of Waiver of any Right of Contribution or Indemnity.

Where another person or company would be liable to compensate you for any loss or damage otherwise covered by this policy, but you have agreed with that person or company either before or after the loss or damage occurred that you would not seek to recover any loss or damage from that person or company, the Insurer will not cover you under the policy or such loss or damage unless agreement of the Insurer was obtained beforehand.

PRIVACY ACT CLAUSE

PI Direct Insurance Brokers Pty Ltd is committed to protecting the privacy of the personal information you provide us. PI Direct collects uses and retains your personal information in accordance with the Privacy act 1998 (Cth) and the Australian Privacy Principles.

We need to collect the personal information on the applicable proposal form to consider your application for insurance and to determine the premium (if your application is accepted) when you are applying for, changing or renewing an insurance policy with us. This information will also be used if you lodge a claim under your policy. We may also need to request additional information from you in connection with your application or a claim.

If you don't provide us with full information, we can't properly advise you, seek insurance terms for you, or assist with claims and you could breach your duty of disclosure.

We may disclose the personal information we collect:

- To our relevant employees involved in delivering our services;
- If your insurance broker collects this form from you, to that broker;
- To facilitators such as legal firms, professional experts such as accountants, actuaries, engineers and technology experts;
- To the insurance companies with whom we transact business;
- To the Lloyd's Syndicates we represent (which are located in the United Kingdom) ;
- To insurance reference bureau or credit reference bureau;
- To reinsurers or reinsurance brokers (which may include reinsurers located outside of Australia).

In those instances where your information is provided to an overseas insurer, we will try to tell you where those companies are located at the time of advising you.

Where we do disclose the information as above the recipient may hold the information in accordance with its own privacy statement / policies. Those may include, by way of example, disclosing the information to and storage of that information by its associated entities which may be located overseas. Full details can be found on the recipient's website. However, we can also provide a copy to you on request.

We may also be required to provide your personal information to others for purposes of public safety and law enforcement and if required by law or by a law enforcement body to do so.

By completing and returning the proposal form and/or providing us with any additional information in connection with your application, you agree to us using and disclosing your information as set out above.

This consent to the use and disclosure of your personal information remains valid unless you alter or revoke it by giving us written notice.

For more information about how to access the personal information we hold about you, how to have the information corrected and how to complain if you think we have breached the privacy laws, ask us for a copy of our Privacy Policy, visit our website www.pidirect.com.au or contact our Managing Director on 07 3387 2816.

Code of Practice

As a member of NIBA, P.I. Direct complies with the Insurance Brokers Code of practice. As a result, our clients can expect that we commit ourselves to high standards of customer service including a free and transparent complaints and compliance review process.

For more information regarding the Code and its requirements please contact PI Direct or visit www.niba.com.au/codeofpractice/index.cfm

Completion of Proposal Form

Please complete all questions fully. If there is insufficient space provided to answer any question, please provide details on your letterhead.

Section 1: Mortgage Fund Activities

1.1 Please outline the Proposers' loan approval process and authority levels.

1.2 Please provide by attachment a copy of the Proposers' Lending Manual and advise the following:

Maximum LVR	_____	%
Average LVR	_____	%
Maximum loan amount	\$ _____	
Average loan amount	\$ _____	

1.3 In relation to the loan property valuation policy, please advise:

i Who performs the property valuations?

ii. Do the Proposers have an external panel of valuers? Yes No
If **Yes** who?

iii. Do the Proposers require valuations to be less than three months old? Yes No
If **No** what is the age threshold required? _____

iv. Do the Proposers accept valuations which have been assigned to it? Yes No

v. Do the Proposers accept kerbside or restricted valuations? Yes No

1.4 Is mortgage insurance always purchased above a set LVR?

Yes

No

If "Yes" please advise the LVR.

1.5 Please provide a breakdown of loans by property type:

Residential	_____ %
Commercial	_____ %
Industrial	_____ %
Land Only	_____ %
Construction	_____ %

1.6 Please provide a breakdown on the type of loans provided:

First mortgage	_____ %
Second mortgage / mezzanine	_____ %
Bridging finance	_____ %
No deposit	_____ %
Low document	_____ %

1.7 Please provide a breakdown of when loans are due:

< 30 days	_____ %
Within 6 months	_____ %
Within 12 months	_____ %
12 – 24 months	_____ %
2 – 5 years	_____ %
> 5 years	_____ %

1.8 What percentage of loans are in arrears?

_____ %

1.9 Please outline the process in place for dealing with loans in arrears.

1.10 Please outline the audit and review processes in place for approved loans.

1.11 Please outline the processes and controls in place with respect to transfer of loan funds.

1.12 Please advise details if any funds have been frozen or redemptions suspended over the past 5 years.

Section 2: **Your Declaration**

I/We declare and warrant that all the statements and particulars here given are true and that no information whatever has been withheld which might influence a prudent Insurer's judgement and the acceptance of this Proposal. Should the above particulars alter in any way, I/We will advise Insurers as soon as possible.

I/We understand that failure to disclose any material facts which would be likely to influence the acceptance and assessment of the Proposal may result in Insurers refusing to provide indemnity or voiding the policy in every respect.

I/We hereby agree that this Declaration shall be the basis of the contract between me/us and Insurers.

Name of Proposer: _____

Signed by / on behalf of all Partners / Directors / Principals

Name: _____ Signature: _____

Name: _____ Signature: _____

Dated: _____

P.I. Direct Insurance Brokers Pty Ltd. (AFS Licence No. 229462)

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