



# Professional Indemnity Proposal Form

MORTGAGE & FINANCE BROKERS

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## Important Information for the Applicant

Please read the following information before completing this Proposal

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### 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.

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### 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.

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## 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.

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## 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.

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## 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](http://www.pidirect.com.au) or contact our Managing Director on 07 3387 2816.

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## 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](http://www.niba.com.au/codeofpractice/index.cfm)

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## 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: Your Details

1.1 Please provide the full legal name of each natural person, incorporated body and subsidiary to be insured including any unincorporated body or trading name:

Name: \_\_\_\_\_

Date Established: \_\_\_\_\_ Country of Registration: \_\_\_\_\_

ABN: \_\_\_\_\_

1.2 Are you registered for GST purposes? Yes      No

1.3 Principal Address of the proposer.

\_\_\_\_\_  
\_\_\_\_\_

Other Addresses:

\_\_\_\_\_  
\_\_\_\_\_

1.4 Contact Details:

Telephone No: \_\_\_\_\_ Mobile: \_\_\_\_\_

Email Address: \_\_\_\_\_ Website: \_\_\_\_\_

1.5 Particulars of Principals / Partners / Directors

Name	Qualification	Date Obtained	Years as a Principal	
			This Practice	Previous Practice

1.6 Staff Numbers

Principals / Partners / Directors: \_\_\_\_\_ Professionally Qualified Staff: \_\_\_\_\_

Other Technical Staff: \_\_\_\_\_ Administration Staff: \_\_\_\_\_

Other Staff: \_\_\_\_\_ **Total:** \_\_\_\_\_

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## Section 2: Your Business

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2.1 Do you hold an Australian Credit Licence? Yes      No

If "Yes", please provide the Credit Licence Number. \_\_\_\_\_

2.2 Are you Australian domiciled or Australian based? Yes      No

2.3 Has the name of your business ever changed? Yes      No

2.4 Have you ever amalgamated or merged with another business? Yes      No

2.5 Have you purchased another business or practice?

If you have answered "Yes" to any of questions 2.2; 2.3 or 2.4 please provide details below:

2.6 Does any partner, principal or director of the insured detailed in answer to question 1 of this proposal have any connection or association (financially or otherwise) with any other business practice:

Yes      No

If "Yes", please provide full details:

2.7 Please provide a precise description of your business activities:

2.8 Please state the percentage of your total income derived from:

Activity	% Percentage of Total Activities
Mortgage Origination	
Mortgage Broking	
Mortgage Management	
Mortgage Aggregator	
Finance Broking	
Leasing & Hire Purchase	
Other – please provide full details	
	<b>100%</b>

2.9 Of the loans you arrange finance for, please advise the overall percentage split of loan type:

Loan Type	% Percentage of Total Loans
Residential Dwellings	
Commercial Properties	
Rural Properties	
Industrial Properties	
Investment Properties	
Other – please provide full details	
	<b>100%</b>

2.10 Please advise the percentage of loans sourced from the following sources:

Source of Finance	% Percentage of Total Loans
Banks	
Non-Bank Financial Institutions (eg: Credit Unions, etc)	
Non-Bank Lenders (eg: Mortgage Aggregation Schemes, Securitisation Trusts).	
Managed Investment Schemes (eg: Solicitors Funds)	
Other – please provide full details	
	<b>100%</b>

2.11 Of the loans you arrange, please advise the percentage of total income and the maximum value of these loans from the following types:

Loan Type	% Percentage of Total Activities	Maximum Value of Loans (\$)
Low Documentation Loans		
Deposit Impaired Loans		
Credit Impaired Loans		
Reverse Mortgages		
Second Mortgages		

2.12 Of the loans you arrange finance for, please advise the overall percentage split of loan type:

Loan to Value Ratios	% Percentage of Total Loans
Great Than 95% LVR	
90% - 95% LVR	
80% - 90% LVR	
60% - 80% LVR	
0% - 60% LVR	
	<b>100%</b>

2.13 Has there been any substantial changes to your business in the past 12 months? Yes      No

2.14 Do you anticipate any substantial changes in your business activities in the next 12 months? Yes      No

2.15 Do you perform work outside Australia? Yes      No

If the answer to either of question 2.13 to 2.15 is "Yes" please provide full details.



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## Section 3: Your Business Practices

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3.1	Do you always carry out a documented assessment of your client's needs, objectives and borrowing capacity?	Yes	No
3.2	Do you always verify the income and financial situation of the borrower?	Yes	No
3.3	Do you sight original documents and undertake a 100 point ID check for all borrowers?	Yes	No
3.4	Do you always maintain written notes of all verbal agreements / instructions?	Yes	No
3.5	Do you always discuss the impact of rate increases will have on repayments?	Yes	No
3.6	Do you always disclose to the borrower any commission or fees received by you as a consequence of a successful application?	Yes	No
3.7	Do you always provide the borrower with a credit guide as required under Credit Legislation prior to suggesting or recommending any product?	Yes	No
3.8	Do you always provide the borrower with a disclosure document containing the Key Requirements as defined and required under Credit legislation?	Yes	No

## Section 4: Your Financial Details

4.1 Please provide the total annual gross professional fee income for:

	Previous 12 Months	Current 12 Months	Estimate Next 12 Months
12 Month Period Ending	DD/MM/YY:	DD/MM/YY:	DD/MM/YY:
	\$:	\$:	\$:

4.2 Please provide the approximate percentage of your activities (based on fee income) applicable to each State or Territory.

ACT	NSW	NT	QLD	SA	TAS	VIC	WA	O/s	Total
%	%	%	%	%	%	%	%	%	%

If income is generated in NSW, please answer the following additional questions:

4.3 Are you a Capital Gains Tax small business entity (within the meaning of section 152-10(1AA) of the Income Tax Assessment Act 1997 (Cth); and a small business individual/partnership/ company and /or trust, which is carrying on business, and the business has an **aggregate turnover of less than \$2 Million**.

(For further information visit [www.revenue.nsw.gov/taxes/insurance/exemptions](http://www.revenue.nsw.gov/taxes/insurance/exemptions)). Yes No

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## Section 5: Your Claims History

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- 5.1 After full enquiry, has any professional liability claim been made against the entity or individual to be insured by this insurance, (or previous company name used by you), or any past or present partner, director or employee of the entity?
- Yes      No
- 5.2 After full enquiry, are you aware of any facts or circumstances which could give rise to a professional liability claim against the entity or individual to be insured under this insurance (or previous company name used by you), or any past or present partner, director or employee of the entity?
- Yes      No
- 5.3 After full enquiry, are you aware of any fraud, dishonesty, bankruptcy or administration order applicable to any past or present principal, partner, director or employee?
- Yes      No
- 5.4 After full enquiry, has any partner, principal, director or employee ever been subject to disciplinary proceedings for professional misconduct?
- Yes      No
- 5.5 After full enquiry, are you aware of any enquiry, professional disciplinary proceedings or similar process connected to your business which they, or any member may be required to attend?
- Yes      No
- 5.6 After full enquiry, are you aware of any person(s) to be insured under this policy, who have been expelled or suspended from practising?
- Yes      No

**IF THE ANSWER TO ANY OF THE QUESTIONS IN SECTION 5 IS "YES"  
PLEASE COMPLETE A PI DIRECT CLAIMS ADDENDUM FOR EACH MATTER.**

(These are available from [www.pidirect.com.au](http://www.pidirect.com.au) or by calling PID on **07 3387 2800**).

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## Section 6: Your Risk Management Practices

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6.1 Do you have a documented risk management system in place to explicitly identify and evaluate the risks of the business and have measures in place to manage or mitigate those risks to an acceptable minimum?

Yes No

6.2 Do you have systems in place to ensure all employees (including Authorised Representatives) are skilled in the service they provide and complete at least the minimum hours of Compulsory Professions development per annum?

Yes No

6.3 Do you have a system in place to ensure the work of your employees (and Authorised Representatives) is monitored to ensure they do not act outside the scope of their employment or authority?

Yes No

6.4 Are these systems regularly reviewed & updated?

Yes No

6.5 Are you a financial member of any Association?

Yes No

If "Yes", please provide details.

6.6 Do you subscribe to any form of Continuous Professional Development?

Yes No

6.7 Do you always obtain satisfactory references when engaging new employees?

Yes No

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## Section 7: **Your Insurance History**

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7.1 Do you hold a current Professional Indemnity Insurance Policy? Yes      No

If the answer is **"Yes"** please advise:

Name of Insurer: \_\_\_\_\_

Expiry Date: \_\_\_\_\_ Limit of Indemnity: \_\_\_\_\_ Premium: \_\_\_\_\_

7.2 After full enquiry, has the proposer or any principal or director of the proposer, ever been refused this type of insurance, had special terms imposed, had a policy cancelled or had an application for renewal declined? (In the case of a renewal declinature this does not include a change in the underwriter's guidelines)

Yes      No

If **"Yes"**, please provide details.

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## Section 8: Your Cover Application

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8.1 Limit of Indemnity:

A. \$1,000,000

B. \$2,000,000

C. \$5,000,000

D. Other (Please Specify): \_\_\_\_\_

8.2 Excess: \_\_\_\_\_

8.3 Optional Extensions: (if Available)

A. Fidelity

Yes

No

If you have selected "Yes" for (A) Fidelity cover please advise:

1. Do you always obtain satisfactory references before hiring employees?

Yes

No

2. Do you require more than one member of staff to sign cheques, handle cash or transferable documents?

Yes

No

B. Public Liability

Yes

No

If you have selected "Yes" for (B) Public Liability cover, please confirm:

1. The P.L. Limit you require:

\$5,000,000

\$10,000,000

\$20,000,000

2. More than 85% of your total activities are office / classroom based.

Yes

No

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## Section 9: Your Declaration

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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: \_\_\_\_\_

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

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