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Professional Indemnity Insurance - Proposal Form for Financial Advisors

Important Notice

STATEMENT Section 23(5)

Statement pursuant to Section 23(5) of the Insurance Act (Cap.142). You are to disclose in this proposal form fully and faithfully all the facts which you know or ought to know, otherwise you may not receive any benefit from your policy.

Applicant hereby represents after inquiry, that information contained herein and in any supplemental applications or forms required hereby, is true, accurate and complete, and that no material facts have been suppressed or misstated. Applicant acknowledges a continuing obligation to report to the Company, as soon as practicable, any material changes in all such information, after signing the application and prior to issuance of the policy, and acknowledges that the Company shall have the right to withdraw or modify any outstanding quotations and/or authorization or agreement to bind the insurance based upon such changes.

Further, Applicant understands and acknowledges that:

1. If a policy is issued, the Company will have relied upon, as representations, this application, any supplemental applications, and any other statements furnished to the Company in conjunction with this application, all of which are hereby incorporated by reference into this application and made a part thereof;
2. This application will be the basis of the contract and will be incorporated by references into and made part of such policy; and
3. Applicant's failure to report to its current insurance company any claim made against it during the current policy term, or act, omission or circumstances which Applicant is aware of which may give rise to a claim before the expiration of the current policy may create a lack of coverage for each Applicant who had a basis to believe that any such act, error, omission or circumstance might reasonably be expected to be the basis of a claim.
4. The policy applied for provides coverage on a claims made and reported basis and will apply only to claims that are first made against the insured and reported in writing to the Company during the policy period. Claims expenses are within and reduce the limit of liability.

Claims Made Policy

This is a claims made and reported policy. This policy applies to those claims that are first made against the insured and reported in writing to the company during the policy period. Claim expenses are within and reduce the limit of liability.

Instructions to the Applicant

- A. This proposal **MUST** be completed, signed and dated by a Principal, Partner or Director.
- B. You must answer **ALL** the questions in this form. Please state **NA** where not applicable.
- C. Do provide details on your letterhead should you require more space to answer a question.
- D. New Business - Please use the Projected Figures from your Business Plan.

Application for Insurance Cover

Period of Insurance From _____ To _____

Limit of Insurance Required Option 1 _____ Option 2 _____

Excess/Deductible Requested Option 1 _____ Option 2 _____

	Yes	No
Are you requesting cover for Fraud & Dishonesty?	<input type="checkbox"/>	<input type="checkbox"/>
Are you requesting cover for Principals' Previous Business?	<input type="checkbox"/>	<input type="checkbox"/>

1. Details of Applicant

1.1 Names and Company Registration Numbers of all firms applying to be covered under this Insurance.

(Referred to as "You" in the rest of this form)

1.2 Has your name ever been changed or have you acquired or merged with any other practice or business? If yes, please attach details.	<input type="checkbox"/>	<input type="checkbox"/>
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1.3 What is your Principal address, Branch Offices or other locations? _____

1.4 What is your website address? _____

1. Details of Applicant *Continued*

Yes No

1.5 When was your firm established? (DD/MM/YY) _____

1.6 What is the total number of Financial Advisors who provide services on behalf of your firm? _____

1.7 Do you require the Policy to extend to cover such Financial Advisors? Yes No

1.8 Do you always require and obtain satisfactory references when engaging employees? Yes No

1.9 What is the number of your:

Principals, Partners or Directors _____ Non-Technical Administrative Staff _____

Qualified Staff _____ Clerical Staff _____

Other Technical Staff _____ Trainee Staff _____

Other Staff (*please specify*)

Total _____

1.10 What are the qualifications of your Principals, Partners, Directors or other key professional personnel?

Years as Principal, Director, or Partner

Name	Qualifications	Year Qualified	This Practice	Previous Practice

1.11 If you have only one Principal, what arrangements do you have in place to ensure continuity of Business when that Principal is travelling, on leave, ill or away from the office? _____

2. Details of Business

Yes No

2.1 Are you authorised by MAS under the Financial Advisers Act to provide financial advice? Yes No

2.2 What is your FAA Licence No.? _____

2.3 What is the percentage of your fees, including commission, brokerage and/or other consulting fees derived from the following fields of work:

Life Insurance Sales

Endowment Life Insurance _____ % Global Health Plans (*Worldwide Cover*) _____ %

Investment-Linked Life Insurance _____ % Shield Plans (*Medical or Eldershield*) _____ %

Term Insurance _____ % Universal Life Insurance _____ %

Whole Life Insurance _____ % Others (*specify*) _____ %

Financial Planning _____ %

Investment Advice

Unit Trust Sales _____ % Global Savings Accounts _____ %

Alternative Investments (*e.g. Hedge Funds*) _____ % Others (*specify*) _____ %

2. Details of Business Continued

General Insurance Sales

Accident & Health (Inc. Disability)	_____ %	Credit/Surety Insurance	_____ %
General Accident (Inc. Public Liability)	_____ %	Marine or Aviation	_____ %
Motor Insurance	_____ %	Personal Lines (e.g. Travel, Home)	_____ %
Professional Liability	_____ %	Property (Inc. Business Packages)	_____ %
Worker/Employee Compensation	_____ %	Others (specify) _____	_____ %
Others (specify) _____			_____ %
Total			100%

2.4 Complete if applicable (refer to question 2.3 above)

Life Insurance Sales

List of Life Insurance Companies and percentage of Policies Placement

	Insurance Companies	Percentage
1.		_____ %
2.		_____ %
3.		_____ %
4.		_____ %
5.		_____ %

2.5 Complete if applicable (refer to question 2.3 above)

Investment Advice

2.6 Do you sell or promote strategies that encompass:	Yes	No
Investments other than cash, bonds or liquid equity	<input type="checkbox"/>	<input type="checkbox"/>
Unit Trusts not listed on SGX	<input type="checkbox"/>	<input type="checkbox"/>
Hedging Strategies for either equity or foreign exchange	<input type="checkbox"/>	<input type="checkbox"/>
Real Estate Property Investments other than REITs listed on the SGX	<input type="checkbox"/>	<input type="checkbox"/>

If yes to any of the above, please provide details _____

2.7 What percentage of your Clients' funds are placed directly with third party fund or equity assets managers? _____ %

2.8 Are you financially associated, directly or indirectly, with any of the equity asset managers or with any of the fund?
 If yes, please provide details _____

2.9 Do you engage in discretionary trading on behalf of your clients?
 If yes, please provide details _____

General Insurance

2.10 Are you licensed by MAS to place General Insurance business?
 If yes, provide your license number _____

2. Details of Business Continued

Yes No

For All Applicants

2.11 Do you facilitate overseas investments for local investors?	<input type="checkbox"/>	<input type="checkbox"/>
2.12 Do you provide services and work to Clients' which is located overseas or Non-Singapore residence? If yes, please provide details _____ _____	<input type="checkbox"/>	<input type="checkbox"/>
2.13 Do you have/hold any binding authority for any Insurer? If yes, please provide details _____ _____	<input type="checkbox"/>	<input type="checkbox"/>
2.14 Do you promote tax effective investments for both residents and expatriates of Singapore?	<input type="checkbox"/>	<input type="checkbox"/>

3. Financial Details

3.1 When does your Financial Year end? (DD/MM)	_____			
3.2 What is your total turnover or fee income for the following:	Year	Singapore (\$)	Foreign (\$)	Total (\$)
Coming Year <i>(Estimated)</i>				
Current Year <i>(Estimated)</i>				
Past Year				
3.3 What percentage of your fee income is derived from work in:				
Singapore _____ %	Other Asia _____ %			
Australia/New Zealand _____ %	Europe _____ %			
USA/Canada _____ %	Others _____ %			
	Total	100%		
3.4 What is the amount of your largest annual fee from any one client, and the details of work/services?	_____			

4. Risk Management

Yes No

4.1 Do you have a standard set of questionnaires that does the fact-finding and financial needs analysis about the clients'/investors. If yes, please provide a copy of these.	<input type="checkbox"/>	<input type="checkbox"/>
4.2 Do you have a standard letter of engagement that outlines the Client's respective responsibilities, and the outline of your duties? If yes, please provide a copy of these.	<input type="checkbox"/>	<input type="checkbox"/>
4.3 Do you have a standard disclaimers/warranties that you use with all advice? If yes, please provide a copy of these.	<input type="checkbox"/>	<input type="checkbox"/>
4.4 Are employees/financial advisors instructed NEVER to sign proposal forms on behalf of clients?	<input type="checkbox"/>	<input type="checkbox"/>

4. Risk Management *Continued*

Yes No

4.5 What is your methods of control for monitoring and supervising the activities of your Financial Advisors?

4.6 Are these client contracts reviewed by a law firm, experienced in your profession?
If no, please provide details on how contracts are approved and reviewed?

Investment Advice or Financial Plans

4.7 Are these services provided only by registered financial advisors?

4.8 Are all recommendations, advice and planning tailored individually to meet the specific needs, goals and investment objectives of the clients?

4.9 Are all the recommendations, advice and planning signed off by a financial advisory manager of the firm?

4.10 Do you maintain a list of recommended approved investment products and other products?
If yes, what is the frequency of the products being reviewed and how are these products being selected? _____

If no, what are your determining factors to promote products? _____

4.11 Do you guarantee any future performance of any investment or financial planning?
If yes, please supply details _____

4.12 Do you engage agents, sub-contractors or consultants?

If yes, please answer the following:

Do you insist they carry their own Professional Indemnity Insurance?

Do you enter into any hold-harmless agreements or otherwise waive any legal rights or entitlements which you may have against such agents, sub-contractors or consultants?

5. Insurance History

Yes No

5.1 Do you currently have similar Insurance? **If yes**, please provide details

Period of Insurance _____

Insurer _____

Policy Limit _____

Excess _____

Retroactive Date _____

5.2 Has any application for similar Insurance been refused, or has any similar Insurance ever been rescinded or cancelled?

If yes, please provide details _____

6. Claims Experience

	Yes	No
6.1 Have any claims ever been made, or lawsuits been brought against you, your predecessors in business, any current or former Principals, Partners, Directors, Employees, or any other person or entity applying to be insured under this proposed Contract of Insurance?	<input type="checkbox"/>	<input type="checkbox"/>
6.2 Are any of the Principals, Partners, Directors, or Employees aware after inquiry , and as of the date of signing this application, of any errors, omissions, offences, circumstances or allegations which might result in a claim being made against you or any person or entity applying to be Insured under this proposed Contract of Insurance?	<input type="checkbox"/>	<input type="checkbox"/>
6.3 Have you, your predecessors in Business, or any current or former Principals, Partners, Directors or Employees ever been a subject of disciplinary action or investigation by any authority or regulator or professional body?	<input type="checkbox"/>	<input type="checkbox"/>
<p>If yes to any of the questions in this Section, please provide full details and the status of each claim, lawsuit, allegation or matter, including;</p> <ul style="list-style-type: none"> • Date of the claim, suit or allegation • Date you notified your previous Insurers • Name of the claimant and the project • Allegations made against you • Amount claimed by the Claimant • Whether the status is outstanding or finalised • Amounts paid for claims and defence cost to date 		

Additional Information to Send with your Application

	Yes	No
Attach a copy of the following:		
Corporate profile, brochures, pamphlets or other marketing material describing your operations & services	<input type="checkbox"/>	<input type="checkbox"/>
Copy of Standard set of fact-find and financial needs analysis questionnaires	<input type="checkbox"/>	<input type="checkbox"/>
Copy of Standard set of Letter of Engagement outlining Clients' respective responsibilities and outline of your duties	<input type="checkbox"/>	<input type="checkbox"/>
Copy of Standard set of disclaimers or warranties	<input type="checkbox"/>	<input type="checkbox"/>
For new businesses only , your business plan with business projection	<input type="checkbox"/>	<input type="checkbox"/>

Declaration

We have read and understood the Important Notices in this application.

We agree that this Proposal, together with any other information or documents supplied, will form the basis of any Contract of Insurance.

We acknowledge that if this application is accepted, the Contract of Insurance will be subject to the terms and conditions as set out in the Policy Wording as issued or as otherwise specifically varied in writing by GAIC.

We declare, **after inquiry**, that the statements, particulars and information contained in this Application and in any documents accompanying this application are true and correct in every details and that no other material facts have been misstated, suppressed or omitted.

We undertake to inform GAIC of any material alteration to those facts before completion of the Contract of Insurance.

This form **MUST** be reviewed, signed and dated by a duly authorised Principal, Partner or Director.

Name of Signatory

Signed, Principal/Partner/Director

Date