

## **Insurance Brokers Professional Indemnity Insurance**

### **Proposal Form**

#### ***IMPORTANT INFORMATION REGARDING COMPLETION OF THIS FORM***

##### **Method of Completion**

- This proposal form may be completed in ink or electronically and emailed or faxed to us, provided we ultimately receive an original signed and dated version prior to binding cover;
- All questions must be answered (if necessary comment as “not applicable” or “none”).

##### **Presentation**

- If there is insufficient space in the proposal form, or simply to provide underwriters with a better understanding of your experience, expertise or activities, please supply additional information on your letter headed paper;
- CV’s of your principals/directors should be supplied if you have not previously been insured, or if any principal has been in their current position fewer than three years;
- Copies of your standard contract conditions, brochures or other marketing material should be supplied if this helps to describe the activities undertaken.

##### **Disclosure**

- You have a legal duty to disclose to insurers all material information which may affect their judgement in determining whether to provide you with insurance and if so on what terms. In the case of renewal of existing insurance arrangements, this includes any material changes to information already disclosed to insurers;
- If you are in any doubt as to whether or not information is material, you should disclose it, even if there is no specific relevant question in the proposal form;
- It is particularly important to disclose all potential professional negligence claims that may be made against you and to notify your current insurers of such matters as appropriate;
- Failure to disclose material information may give insurers the right to avoid any contract of insurance they may subsequently issue, with the consequence that you will not be protected for any claims notified under that insurance.

**INSURANCE BROKERS PROFESSIONAL INDEMNITY INSURANCE PROPOSAL FORM**

1. **NAME(S) OF PRACTICE(S)** (Please include all FORMER PRACTICES and any APPOINTED REPRESENTATIVES for whose activities you are responsible and for whom cover is required. Continue on separate sheet if necessary)

Current Practice(s)	Date Established	
Former Practices	Date Established	Date Ceased
Appointed Representatives	Date Established	Date Ceased (if applicable)

2. **CURRENT ADDRESS/ES OF PRACTICE(S)** (Please list all locations by Town (or Country if overseas) and identify the supervising Partner/Director at each location. Please continue on separate sheet if necessary).

Address	Partner/Director In Charge

Contact Name

Telephone Number

E-Mail

Fax Number

3. **PARTNERS/DIRECTORS/SOLE PRACTITIONERS (PRINCIPALS)**

Names of Principals	Qualifications	Date Qualified	Number of Years as Principal of the Practice(s)

4. **If cover is required for any Principal for PAST LIABILITY prior to joining the above Practice(s)**

Please advise:

a) Name of Principal

b) Name of Previous Firm(s)

c) Period to be covered


5. **STAFF NUMBERS** (Not including Principals, but including all staff of Appointed Representatives)

Qualified Staff	Administrative & Secretarial Staff

6. **FSA AUTHORISATION/REGULATION**

a) Are you currently directly authorised by the FSA? <b>If YES, please attach a copy of your current Permission Notice</b>	<b>YES/NO</b>
b) If not directly authorised, how is authorisation obtained?	<b>YES/NO</b>
c) Are you currently applying for direct authorisation?	<b>YES/NO</b>
d) Has the Practice, or anyone within the Practice, ever been the subject of disciplinary proceedings by any regulatory or professional body? <b>If YES, please supply details:</b>	<b>YES/NO</b>
e) What was the date of your last regulatory visit for routine compliance monitoring purposes?	
f) Are there any unresolved issues? <b>If YES, please supply details:</b>	<b>YES/NO</b>
g) Have you been asked by the regulator to take part in any risk-based monitoring? <b>If YES, please supply details:</b>	<b>YES/NO</b>

7. **COMPLIANCE**

a) Is compliance managed solely in-house? <b>If YES, who is your Compliance Officer and what is his or her experience in this field?</b>	<b>YES/NO</b>
b) Do you use external compliance support? <b>If YES, please answer the following questions.</b>	<b>YES/NO</b>
c) What is the identity of the specialist compliance firm?	
d) How often does the specialist firm visit your office(s)?	
e) What proportion of files is checked by the specialist firm?	
f) What involvement does the specialist firm have in dealing with complaints?	
g) When was the specialist firm appointed?	
h) What were your compliance arrangements prior to the appointment of the specialist firm?	

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## 8. RISK MANAGEMENT

a) Do you use a Client Management System? <b>If YES, which system?</b>	YES/NO
b) Do you use Research Software? <b>If YES, which software do you use?</b>	YES/NO
c) Do you provide reviews to all active clients at least annually? <b>If NO, please supply details of your client review system:</b>	YES/NO
d) Do you ever complete proposal forms for clients? <b>If YES, do you ensure that the client signs the form after confirming the accuracy of its content?</b>	YES/NO YES/NO
e) Do you keep client records indefinitely? <b>If NO, please explain how you would protect your position against potential claims:</b>	YES/NO
f) What is the approximate number of active clients per adviser?	

## 9. INSURER SECURITY

Have you ever in the past, or do you currently, or do you intend in the future, to place any insurances with an Insurer who has not in the past, or who does not currently maintain a financial strength rating with either A M Best, Standard & Poor's, Fitch or Moody?	YES/NO
<b>If Yes, please supply details</b>	

## 10. FEE/COMMISSION INCOME

a) What was the end date of your <b>last completed financial year?</b> (DD/MM/YYYY)	
b) Please provide the following information <b>in relation to the last completed financial year as described above:</b>	
Total gross fee/commission income (including that generated by Appointed Representatives):	£
	£
Net retained fee/commission income after deducting payments to sub-agents and consultants, excluding self-employed advisers:	£
Gross Written Premium of business you place cover for:	
c) What was the total gross fee/commission income for the previous financial year?	£
d) What is the total estimated gross fee/commission income for the current financial year?	£

**11. BUSINESS PROFILE.** Please advise the approximate split of the total gross income during **your last completed Financial Year** by the following categories:

<b><u>Personal Lines</u></b>	
a) Private Motor	%
b) Household/Pet/Travel	%
<b><u>Commercial Lines</u></b>	
c) Commercial Motor (including Fleet)	%
d) Commercial other (property, liability, engineering etc)	%
e) Marine (please provide details)	%
f) Aviation (please provide details)	%
g) Reinsurance	%
<b><u>Life &amp; Financial Services</u></b>	
h) Life & Protection Product Sales & Advice (ex health)	%
i) Health Insurance Sales & Advice	%
j) Mortgage Sales & Advice	%
k) General Insurance Sales & Advice	%
l) Pensions Sales & Advice	%
m) Investment Sales & Advice	%
n) Other (please provide details)	%
	<b>100%</b>

**12. FRAUD & DISHONESTY**

a) Has the Firm(s) sustained any loss through the fraud or dishonesty of any person during the last six years ?

YES  NO

If "YES", please give details below:-

b) Does the Firm(s) always require satisfactory written references (and credit checks of adviser(s) when engaging new personnel)?

YES  NO

c) Is any Partner/Director/Employee allowed to sign cheques on their sole signature?

YES  NO

If "YES", please advise name and limit below:

d) Please confirm that the Annual Accounts have been prepared and/or certified by an Independent Accountant or Auditor:

YES  NO

e) Is the Practice authorised to receive/hold client monies?

YES  NO

If "YES", do you keep those monies completely separate from your own monies?

YES  NO

f) How often are the entries in the Cash Books checked with the vouchers and reconciled with the bank statements by a Principal or other senior employee independently of those responsible for the Cash Book entries?

DAILY		WEEKLY		MONTHLY		ANNUALLY
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**13. CLAIMS AND/OR CIRCUMSTANCES**

**PLEASE NOTE THAT IT IS IMPERATIVE TO ANSWER THESE QUESTIONS CORRECTLY, AS FAILURE TO DO SO COULD PREJUDICE YOUR RIGHTS IN THE EVENT OF A CLAIM ARISING IN THE FUTURE.**

**(a) CLAIMS**

– During the last ten years, have any claims, or circumstances which may have given rise to a claim, been made against the Firm(s) or predecessors in business or present or former Partners/Directors arising out of the activities of the Firm(s)?

YES  NO

If "YES", please advise full details including amounts involved and settlement dates, where appropriate, below:-

Claims Paid
Claims Outstanding

**(b) CIRCUMSTANCES**

– Are any of the Partners/Directors, after enquiry, aware of any circumstances which may give rise to a claim against the Firm(s) or its predecessors in business or its/their present or former Partners/Directors?

YES  NO

If "YES", please advise full details including amounts involved below:-

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**14. (a) CURRENT INSURANCE ARRANGEMENTS – Please advise:-**

Limit of Indemnity	Excess	Premium	Insurer(s)	Renewal Date
£	£	£		

**(b) PREVIOUS INSURANCE - Has similar insurance for this Firm(s) or or any Partner/Director been declined, cancelled or had renewal refused?** YES  NO

If "YES", please advise details below:-

**15. QUOTATIONS REQUIRED**

**Limit of Indemnity**

£750,000  £1,000,000  £1,250,000

£1,500,000  £2,000,000  £5,000,000  Other .....

**Excess**

£500  £1,000  £2,500

£5,000  £10,000  £25,000  Other .....

**DECLARATION**

**I/We declare that the previous statements and particulars are true and I/We have not suppressed or mis-stated any material facts.**

**I/We agree that this proposal, together with any other information supplied by me/us shall form the basis of any subsequent contract of insurance.**

**Signed:**

**Date:**

**For and on behalf of:**

PLEASE RETAIN A COPY OF THIS PROPOSAL FOR YOUR RECORDS.

COMPLETION DOES NOT BIND YOU OR INSURERS TO COMPLETE A CONTRACT OF INSURANCE.

### CLAIMS/CIRCUMSTANCES SUMMARY

Date Notified	Details of Claim or Circumstance	Reserve	Payments made (including defence costs)	Open/ Closed
	<p>Claimant:</p> <p>Cause/Alleged Cause:</p> <p>Current Status:</p>			
	<p>Claimant:</p> <p>Cause/Alleged Cause:</p> <p>Current Status:</p>			
	<p>Claimant:</p> <p>Cause/Alleged Cause:</p> <p>Current Status:</p>			



## GENERAL INSURANCE QUESTIONNAIRE

For completion if income is disclosed under question 10 of the Proposal Form.

1.

Does the Firm operate an efficient renewal diary/monitor?

YES

NO

2. a) Please give details of the two largest MD/BI Sums Insured that the Practice places for Commercial Customers.

Client	Risk	Sum Insured

b) Please give details of the two highest PL/Products or PI limits of indemnity that the Practice places for Commercial Customers.

Client	Risk	Limit of Indemnity

### 3. Binding Authorities

Does the Firm hold any authority (other than for private motor, household and other similar cover-noted or "coupon" type business), which has been granted to them by any Insurance Company, Lloyd's Underwriter or other Insurer or Reinsurer, where under such authority the Firm has the power to bind the insurer without prior reference as to terms and/or cover?

(If YES, the completion of a separate questionnaire will be required).

YES  NO

## MORTGAGE BROKING QUESTIONNAIRE

For completion if income is disclosed under Question 10 (j) of the Proposal form.

1. Of the income disclosed under Question 10 (j), please state the percentage derived from :

- |  |                      |   |
|--|----------------------|---|
| a) Residential Mortgages (exc. Equity release, home reversion) | <input type="text"/> | % |
| b) Equity Release, home reversion etc                          | <input type="text"/> | % |
| c) Buy-To-Let Mortgages  | <input type="text"/> | % |
| d) Commercial Mortgages (excl. Buy-To-Let)                     | <input type="text"/> | % |
- Is all Commercial advice/sales declared in d) above conducted in accordance with the NACFB regulations?
- YES  NO
- |                  |                      |   |
|------------------|----------------------|---|
| e) Secured Loans | <input type="text"/> | % |
|------------------|----------------------|---|

2. In respect of 1. above, please confirm:

- |                                     |                      |                                      |                      |
|-------------------------------------|----------------------|--------------------------------------|----------------------|
| i) the average mortgage loan amount | <input type="text"/> | ii) the largest mortgage loan amount | <input type="text"/> |
| 1a) £                               | <input type="text"/> | 1a) £                                | <input type="text"/> |
| 1b) £                               | <input type="text"/> | 1b) £                                | <input type="text"/> |
| 1c) £                               | <input type="text"/> | 1c) £                                | <input type="text"/> |
| 1d) £                               | <input type="text"/> | 1d) £                                | <input type="text"/> |
| 1e) £                               | <input type="text"/> | 1e) £                                | <input type="text"/> |

3. What proportion of the income disclosed under Question 12(c) of the proposal form relates to advising on/arranging sub-prime mortgages:  %

4. a) Has the Practice ever arranged/does it intend to arrange/offer advice on equity release products? YES  NO

b) If Yes,

i) Is it the Practice's standard procedure to deal only with providers that abide by the SHIP code? YES  NO

(if No, please provide details)

ii) What is the total income for the last 12 months derived from such products?  £

iii) What is the anticipated income derived from such products for the next 12 months?  £

iv) Who offers advice on this type of product within the Practice, and what are their relevant qualifications and experience?

v) Has the Practice included/will it include advice on products that encourage the release of equity for the purpose of investment in a specific pre-defined product e.g. Close Bros PWM ? YES  NO

vi) Has the Practice given/will it give advice on the release of funds from property and the subsequent reinvestment of the fund realised? YES  NO

- vii) Does the Practice insist on/recommend the involvement of a solicitor in the advice process? YES  NO
- viii) Does the Practice recommend the involvement of family members/heirs in the advice process? YES  NO
- ix) Does the Practice always ensure that alternative means of raising capital are considered, and the deliberations are recorded? YES  NO
- 5.** i) Does the Practice arrange, or has it in the past arranged, self-certification mortgages? YES  NO
- ii) If **Yes**, does the Practice provide confirmation to the lender that an applicant's stated income is correct? YES  NO
- iii) If **Yes**, is this always fully researched (if not, please provide further details)? YES  NO
- 6.** Was the Practice previously registered with The Mortgage Code Compliance Board? YES  NO
- If **Yes**, please confirm:
- i) That all business was handled as if it were FSA regulated: YES  NO
- ii) That the Mortgage Code was followed: YES  NO

## PENSIONS QUESTIONNAIRE

For completion if income is disclosed under Question 10(l) of the proposal form.

### PENSIONS REVIEW

1) Was the Practice subject to the SIB Pensions Review?

YES  NO

If **NO**, please proceed to Q7 of this Questionnaire.

2) Has the total Pensions Review population (for both Phases) been verified?

YES  NO

3) Was the total Review population mailed at the appropriate time?

YES  NO

4) Was the total Review population notified to past insurers as a block claim notification?

YES  NO

5) If the answer to 4) above is "no", were all those cases within the Review that were the subject of a review request notified to past insurers as claims notifications?

YES  NO

If **No**, please advise how claims were notified to insurers under the Pensions Review:

6)

<b>Total confirmed Review population:</b>	Phase 1:	Phase 2:
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### Phase 2

Number of non-respondents split as follows:

Number of Opt-outs:

Number of non-joiners:

Number of SERPS cases:

Number of transfers:

### PENSION SCHEME ADMINISTRATION

7) Does the Practice act as scheme administrators for any pension scheme?

YES  NO

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

### STAKEHOLDER-FRIENDLY BUSINESS

8)

What proportion of your pensions business is not stakeholder-friendly in its charging structure?

 %

9) **With reference to non-stakeholder-friendly schemes only**, please provide the following:

Split the income between personal advice:

 %

And group advice:

 %

What is the average scheme size by number of members?

What is the maximum scheme size by number of members?

**TRANSFERS**

10) Does the Practice advise/does it intend to advise on occupational pension scheme transfers?

YES  NO

If **Yes**, please confirm that a thorough, dedicated client questionnaire is used:

YES  NO

Is the advice checked/authorised by a suitably qualified pension specialist?

YES  NO

Is that specialist:  
(Please tick box)

IN-HOUSE	<input type="checkbox"/>	EXTERNAL	<input type="checkbox"/>
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**SIPPS**

11)

What proportion of SIPPs involve investment in unregulated assets?

	%
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**INCOME DRAWDOWN AND PHASED RETIREMENT**

12) Does the Practice advise/does it intend to offer advice on income drawdown and phased retirement products?

YES  NO

If **Yes**, please confirm that a thorough, dedicated client questionnaire is used:

YES  NO

13) Please provide the following information regarding drawdown exposure:

	Total number of Drawdown cases transacted	Number of cases where original fund value was <£100,000.01	Number of cases where original fund value was >£100,000 and <£300,000	Fund value of largest case in year
1995				
1996				
1997				
1998				
1999				
2000				
2001				
2002				
2003				
2004				
2005				
2006				

i) Number of cases taking maximum drawdown:

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ii) Number of cases where full commission taken:

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iii) How often are reviews conducted? (Please tick box)

After 1 year, then every 3 years	<input type="checkbox"/>	Every 3 years	<input type="checkbox"/>	Other (state frequency)	<input type="checkbox"/>
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iv)	How are reviews conducted? (Please tick box)	Face-to-face?		By correspondence?		Both?	
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v) Do all advisors involved in this area undertake annual competence training ?

YES  NO

vi) Please provide brief analysis of the Practice's strategy for the sale of income drawdown/phased retirement products in terms of fund values (e.g. why might you recommend drawdown on a fund value below £100,000?), drawdown amount taken and commissions taken:

14) Has the Practice in the past, and will it in the future, offer clients the opportunity to "unlock" pension benefits before their retirement age, other than as part of its phased retirement advice?

YES  NO

If so, what is the commission/fees generated:

i) in the last financial year?	£
ii) anticipated in the current year?	£

Of the income generated in connection with "unlocking" pensions, what percentage is earned:

i) On a full advice basis?  %    ii) On a direct offer basis ?  %

Of the full advice business, has every other means of raising cash been investigated and discussed with the client, and the results leading to the conclusion that pension "unlocking" is suitable retained on file?

YES  NO

## SECOND STATE PENSION AND "A DAY"

15) What action has the Practice taken in relation to **S2P**?

i) Has it contacted every client to whom SERPS advice has been provided to offer a review? 

YES		NO	
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ii) Has it contacted those clients aged 45 and over to whom SERPS advice has been provided to offer a review? 

YES		NO	
-----	--	----	--

iii) Has it provided generic advice when clients contact the Practice, but offered no specific advice? 

YES		NO	
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iv) Has it taken no specific action on this subject? 

YES		NO	
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v) In the event that the answer to i, ii, or iii above is "Yes", does the Practice provide general information and avoid providing specific advice? 

YES		NO	
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16) What action has the Practice taken in relation to **A DAY**?

i) Has it contacted every client to whom pensions advice has been provided to offer a review? 

YES		NO	
-----	--	----	--

ii) Did it identify in advance of A Day those clients who could be affected by the changes introduced at A Day, and provide advice to those clients? 

YES		NO	
-----	--	----	--

iii) Has it provided advice when contacted by clients? 

YES		NO	
-----	--	----	--

iv) What other action has been taken in regard to A Day (if any)?

### PENSION FUND TRUSTEES

For completion if any Principals or employees of the Practice act as Trustees for clients' pension funds. (If necessary, please provide answers on a separate sheet).

17) Name of all such funds:

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18) What is the total value of the Funds for which the individuals act as Trustees at the end of the last financial year? £ 

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19) Is advice taken partly or wholly from outside investment advisers or are all investment decisions made by the Trustees themselves?

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20) Do the Trustees receive additional remuneration from their clients as Trustees apart from the normal brokerage or commission for placing and servicing the account? 

YES		NO	
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If **Yes**, please provide details below:

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21) Do the individuals act purely as Trustees of insured Funds? 

YES		NO	
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If **NO**, please provide details below:

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22) Please supply the following details of those individuals within the Practice who act as Trustees:

Name	Position	How long employed by the Practice

- 23) a) Has the Practice established whether or not any of the schemes for which their Principals or employees act as Trustees are detrimentally affected by the rules post A Day?

YES		NO	
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- b) If **Yes**, what action has been taken ?

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- 24) Do any Principals or employees act as Pensioner Trustees?

YES		NO	
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## MORTGAGE ENDOWMENTS QUESTIONNAIRE

- 1) Has the Practice ever been involved in arranging (including giving advice) on low cost or low start endowment policies in connection with mortgages?

YES		NO	
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- 2) a) If YES, please advise the numbers for each of the years

	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07
No of cases																		

- b) If YES, please advise the largest and average mortgage values in each of the years

	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07
Largest																		
Average																		

- 3) Referring back to the answers given in (2) did the Practice advise intending investors (and did it document on file) that :

- a) An Endowment cannot be guaranteed to pay off any mortgage loan at maturity?

YES		NO	
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- b) Other forms of mortgage repayment are available which could meet the clients needs?

YES		NO	
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- c) That an endowment policy involves an investment risk?

YES		NO	
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If No to any of the above please provide details:

### STRUCTURED CAPITAL AT RISK PRODUCTS (SCARPs) QUESTIONNAIRE

1) Has the Practice acted as an introducer, advised on or sold any SCARPs? 

YES		NO	
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2) If **YES**, please complete the table below in respect of each case where the sum invested was greater than £10,000

**NOTES**

- Indicate with an 'E' any case transacted on an Execution Only Basis
- Continue on extra sheet if necessary
- **Please provide the Key Features Document for each product included below**

Name of Client	<u>PRODUCT</u>	Date of Investment	Maturity Date	Sum Invested	Relevant Tracking Index	Current/Maturity Value (excluding accrued interest)	Guaranteed income/growth amount

### SPLIT CAPITAL INVESTMENT TRUSTS QUESTIONNAIRE

- 1) Has the Practice acted as an introducer, advised on or sold any shares in Split Capital Investment Trusts or investments in any collective investment that invests in the shares of Split Capital Investment Trusts in the last 6 years where the sum invested was greater than £10,000?

YES	NO	
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- 2) If **YES**, please complete the table below.

Name of Client	Date of Investment	Total value of client's investment portfolio	Original SCIT Investment Value	Product Provider	Current Value	Date of Valuation

## HIGH RISK INVESTMENTS QUESTIONNAIRE

### Tax Sheltering Advice

- 1) Please indicate whether the Practice has received any commission/fees in respect of any of the following products or services in the past six years.

If **YES**, please provide details separately

- |  |     |  |    |  |
|--|-----|--|----|--|
| a) Film Partnerships                   | YES |  | NO |  |
| b) Venture Capital Trusts (VCT)        | YES |  | NO |  |
| c) Enterprise Zone Investments         | YES |  | NO |  |
| d) Enterprise Investment Schemes (EIS) | YES |  | NO |  |
| e) Deferral Relief Companies           | YES |  | NO |  |
| f) Estate Planning                     | YES |  | NO |  |

- 2) Has the Inland Revenue indicated that they intend to challenge the tax status of any of the above products arranged on behalf of any clients?
- |     |  |    |  |
|-----|--|----|--|
| YES |  | NO |  |
|-----|--|----|--|

If **YES**, please provide details.

### Other Investments

- 3) Please indicate whether any Proposing Entity has received any commission/fees in any of the last 10 years in respect of any of the following products or services (if **YES**, please provide details separately).

- |  |     |  |    |  |
|--|-----|--|----|--|
| a) Investments in Hedge Funds or other collective investment schemes investing in Hedge Funds                                      | YES |  | NO |  |
| b) Private Client Portfolio Management services where you have discretion in respect of investment and realisation of funds        | YES |  | NO |  |
| c) Broker bonds  | YES |  | NO |  |
| d) Investment in any Traded Life Policy or Viatical Settlements or any collective investment with funds invested in either product | YES |  | NO |  |
| e) Investments in any offshore based product   | YES |  | NO |  |