



FEDERAL INSURANCE COMPANY - SINGAPORE
One of the Chubb Group of Insurance Companies

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PROPOSAL FORM FOR FINANCIAL INSTITUTIONS PROFESSIONAL LIABILITY POLICY

Completing the Proposal Form

- * Please answer all questions in full leaving no blank spaces.
 - * If you have insufficient space to complete any of your answers, please attach a separate signed and dated sheet and identify the question number concerned.
 - * It is agreed that the whenever used in this proposal form, the term Applicant shall mean the Organisation as defined in the Federal Financial Institutions Professional Liability Policy ("policy").
 - * It is agreed that whenever used in this proposal form the definition of the terms 'Claims', 'Policy Period', 'Defence Costs' or 'Legal Representation Expenses' are in accordance with the policy.
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The Financial Institutions Professional Liability Policy is written on a Claims made basis. The policy covers only Claims first made during the Policy Period or any Extended Reporting Period. The limit of liability to pay damages or settlements will be reduced and may be exhausted by the payment of Defence Costs or Legal Representation Expenses.

PLEASE READ THE ENTIRE POLICY AND THE PROPOSAL FORM CAREFULLY.

1. GENERAL INFORMATION

a. Name of Applicant:

b. Address of Applicant:

Street Address

Post Code

c. Applicant's web address:

d. Nature of Applicant's business:

e. How long has the Applicant continuously carried on business?

f. Is the Applicant:

(i) privately owned?

Yes No

(ii) publicly owned?

Yes No

(iii) listed in any Stock Exchange?

Yes No

If yes, which exchange(s)?

g. Provide the name and ownership percentage of any shareholder directly or beneficially owning 10% or more of the issued shares of the Applicant:

.....
.....

- h. Has the Applicant been involved in, or been subject to, any mergers or acquisitions in the previous five years? Yes No
If yes, please provide details:

- i. Are any entities proposed for coverage registered with the USA Securities and Exchange Commission? Yes No

2. REGULATORY SUPERVISION AND COMPLIANCE

- a. Is the Applicant licensed by or subject to the prudential supervision of any regulatory authority? Yes No
If yes, please list all regulatory authorities:

- b. Has the Applicant ever been the subject of any disciplinary action or regulatory investigation by any regulatory agency? Yes No
If **yes**, provide details:

- c. Did such regulatory investigation result in disciplinary proceedings, admonishments or recommendations? Yes No
If **yes**, please provide details:

- d. Were all recommendations made by the regulatory conducting the investigation implemented by the Applicant? Yes No
If **no**, please provide details:

- e. Does the Applicant maintain a Code of Business Conduct? Yes No
If **no**, please provide details:

- f. Does the Applicant maintain a policy for the protection of confidential customer information? Yes No
If **no**, please provide details:

- g. Describe the Applicant's procedures for ensuring the security of written records:

- h. Does the Applicant have a dedicated Compliance Officer or department charged with ensuring compliance with all regulatory rules, principles, codes and guidelines? Yes No
If **no**, please provide details:

- i. Who does the Compliance Officer report to?
-

3. PROFESSIONAL & FINANCIAL SERVICES

- a. Please provide approximate percentages of the Applicant's total revenues derived from the following activities:

	Current Year %	Previous Year %
(a) Total Loans*		
<i>Please attach a copy of the most recent itemised summary describing the type and volume of loans and leases as presented to the Applicant's board of Directors.</i>		
(i) Retail Loans		
(ii) Commercial Loans		
(iii) Syndicated Loans		
(iv) Securitised Loans		
(b) Trade financing		
(c) Leasing*		
(d) Securities trading/dealing*		
- Proprietary Trading		
- Third Party Trading		
(e) Commodities trading/dealing*		
(f) Derivatives or specialist trading/dealing*		
(g) Structured financial product advice		
(h) Acting as securities broker/dealer		
(i) Acting as custodian/depositor or managing agent for securities or money		
(j) Financial, investment or economic advice* with regard to any of the following:		
(i) mergers, acquisitions or capital restructuring		
(ii) share placing/new issues of:		
- equities		
- debt		
(iii) underwriting		
(v) other		
(k) Administration of trusts, estates or guardianships		

- (l) Asset or funds management
 - Retail
 - Institutional
 - Venture Capital
 - Private Equity
- (m) Financial Planning*
- (n) Insurance products or services*
 - General
 - Life
- (o) Acting as a dividend disbursement agent redemption or subscription agent, warrant or script agent, fixed or paying agent, tax withholding agent, escrow agent, registrar, transfer agent or clearing agent
- (p) Please list any other services or activities not stated above:

****Please complete the relevant supplemental proposal form if you provide any of these services.***

- b. Has the Applicant offered any new services over the past year or does it have any intention to do so over the next year? Yes No
If **yes**, please provide details:
- c. Does the Applicant conduct or offer any internet banking or e-commerce services to third parties? Yes No
If **yes**, please complete the Internet Banking/E-Commerce Supplemental Proposal Form A.

4. EMPLOYEES

Please provide:

	Current Year	Previous Year
(a) Number of employees		
(b) Agents		
(c) Independent Financial Advisers		

5. MATERIAL CHANGES

Is the Applicant presently involved in, or considering:

- (a) any merger, acquisition, change in control or divestment ? Yes No
- (b) any public offering of securities? Yes No
- (c) providing any new services? Yes No

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

5. INTERNAL CONTROLS/MANAGEMENT

a. Has the Applicant changed its external auditor in the last three years? Yes No
If yes, please explain.

b. Does the Applicant have an internal audit department? Yes No

c. State the number of internal audit staff _____

d. State the frequency of audits by internal auditors _____

e. To whom does the internal audit department report? _____

f. Does the internal audit team periodically perform audits on:

(i) segregation of duties?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
(ii) accuracy of records?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
(iii) reporting procedures to management and clients?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
(iv) management and supervisory procedures?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
(v) training requirements and competency of staff?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
(vi) suitability of advice provided to third parties?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
(v) adequacy of systems?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
(vi) appropriateness and monitoring of authority levels?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

g. Have all material recommendations from the last external and internal auditors review been implemented? Yes No

If no, please detail areas requiring action.

h. Are all services rendered subject to a standard written agreement, contract, service agreement or letter of appointment or offer setting out the terms and conditions of the services provided? Yes No

If yes, are all agreements, contracts and letters approved by legal counsel? Yes No

i. Describe how the Applicant monitors the advice provided by individuals not under its daily control and supervision:

j. Are all new products subject to an approval process, such as sign off from business unit heads, legal and compliance? Yes No

Please describe:

k. Describe the procedure for monitoring the suitability of investments and adherence to investment mandates:

-
-
- l. Are all publications, marketing literature and other product services communication subject to legal review prior to their release to third parties? Yes No
 - m. Does the Applicant have a formal, documented dispute resolution procedure? Yes No
 - n. How many complaints were received by the Applicant in the previous three years?
 - o. How many complaints were unresolved after 90 days?

6. PRIOR KNOWLEDGE

- a. Has the Applicant or its Directors, Officers or employees been involved in or have any knowledge of any fact or circumstance involving the following which may give rise to a claim under the proposed Policy:
 - i. Any copyright or patent litigation? Yes No
 - ii. Any civil or criminal action or administrative proceeding involving a violation of any securities laws or regulations? Yes No
 - iii. Any civil or criminal action or administrative proceeding involving a violation of any restrictive trade practices or fair trading laws or regulations? Yes No
 - iv. Any civil or criminal action or administrative proceeding involving a violation of any credit laws? Yes No
 - v. Any class actions, or derivative suits? Yes No

If **yes**, attach full details on separate sheet.

Pertaining to Question 6.a above, it is agreed that if the undersigned or any Director or Officer proposed for this insurance has any knowledge of any such fact or circumstance, any claim arising therefrom shall be excluded from coverage under the proposed insurance.

- b. Is the Applicant or its Directors, Officers or employees aware of any customer complaint, whether brought by the customer or on their behalf by a regulator? Yes No
If **yes**, please provide details:

- c. During the last 5 years, have there been or are there now pending, any suits, claims or proceedings against the Applicant? Yes No

If **yes**, provide details _____

- d. During the last 5 years, have there been or are there now pending, any suits, claims or proceedings against any person proposed for this insurance in their capacity as Director, Officer or employee of the Applicant? Yes No

If **yes**, attach supplemental claim or incident information form(s).

Pertaining to Questions 6.c and 6.d, it is agreed that any claim arising from such suits, claims or proceedings is excluded from the proposed coverage.

- e. Is the undersigned or any Director or Officer proposed for this insurance aware of any fact, circumstance, situation or wrongful act involving the Applicant or the Directors, Officers or employees of the Applicant which he/she has reason to believe might result in any future claim which would fall within the scope of the proposed insurance? Yes No

If yes, provide details _____

Pertaining to Question 6.e, it is agreed that if the undersigned or any Director or Officer proposed for this insurance is aware of any such fact, circumstance, situation or wrongful act, any claim subsequently arising therefrom shall be excluded from coverage under the proposed insurance.

7. ATTACHMENTS/INFORMATION

One copy of each of the following documents is to be attached and made a part of this Proposal.

- a. latest two Annual Reports and Audited Financial Statements;
- b. latest two C.P.A. Management Letters and Responses;
- c. standard promotional/marketing material distributed in connection with services offered;
- d. standard contracts, agreements and letters provided in connection with services offered;
- e. any supplemental proposal form completed in conformance with Question No. 3.
- f. Complaints Register

The undersigned authorised officers of the Applicant declare that to the best of their knowledge and belief the statements set forth herein and all attachments and schedules hereto are true and that reasonable efforts have been made to obtain sufficient information to facilitate the proper and accurate completion of this proposal. The undersigned further agree that immediate notice will be given should any of the information contained herein and any attachments or schedules alter between the date of this proposal and the proposed date of inception of the insurance. Although the signing of the proposal does not bind the undersigned on behalf of the Applicant to effect insurance, the undersigned agree that this proposal and all attachments and schedules hereto and the said statements herein shall be the basis of and will be incorporated in the policy should one be issued.

This proposal must be signed by the Applicant's Chairman of the Board, Managing Director or Chief Executive Director.

Signature

Print Name of Signatory

Date

A policy cannot be issued unless the Proposal is properly signed and dated.

Note: This Proposal and all exhibits shall be treated in strictest confidence.

FINANCIAL INSTITUTIONS PROFESSIONAL LIABILITY POLICY Internet Banking/E-Commerce Supplemental Proposal Form A

1. Does the Applicant provide an internet facility? Yes No
If **yes**, does the Applicant offer any of the following services:
- (a) product information only? Yes No
 - (b) account balances? Yes No
 - (c) pre-authorized account to account transfers? Yes No
 - (d) loan applications? Yes No
 - (e) interactive mortgage applications? Yes No
 - (f) business/company account management? Yes No
 - (g) insurance products? Yes No
 - (h) on-line securities trading? Yes No
 - (i) other (please specify): Yes No
2. What method is used to verify the identity of users transacting via the Applicant's internet site?
- (a) static password
 - (b) one-time password
 - (c) public/private key encryption
 - (d) digital signatures
 - (e) other (please specify):
3. How is the integrity of any transaction protected?
- (a) 128 bit encryption
 - (b) message authentication
 - (c) receipt confirmation
 - (d) other (please specify):
4. How does the Applicant prevent unauthorized access to customer's main processing systems?
- (a) firewall
 - (b) off-line front-end processing
 - (c) on-line front-end processing
 - (d) data encryption
 - (e) other (please specify):
5. Does the Applicant use a tracking device in relation to its internet facilities? Yes No
6. Has the Applicant implemented formal terms and conditions for the use of its internet facilities which sets forth the obligations and responsibilities of users? Yes No
7. Does the Applicant have procedures in place to monitor to whom its services are provided to? Yes No
8. Do these procedures take into account any jurisdictional or cross border issues? Yes No
If **yes**, please explain:
9. Does the Applicant use any anti-virus software? Yes No
If **yes**, how often is it upgraded?

FINANCIAL INSTITUTIONS PROFESSIONAL LIABILITY POLICY

Insurance Company Supplemental Proposal Form B

1. Is the Applicant currently offering or planning to offer any of the following services?

For	Policy Holders	Other than Policy Holders
Claims adjusting and handling		
Insurance risk management		
Safety engineering		
Loss Control		
Salvage		
Subrogation		
Premium Financing		
Actuarial		
Insurance pool management		

2. Is the Applicant currently offering or planning to offer any of the following services:

- (a) Insurance agency? Yes No
- (b) Investment advice/management? Yes No
- (c) Retirement or Pension Fund management? Yes No
- (d) Lending or leasing? Yes No

3. Does the Applicant contract out claims handling to external claims adjusters?

If **yes**, what percentage of claims are handled by external claims adjusters? _____ Yes No

4. (a) Does the Applicant grant authority to agents and third party administrators? Yes No

(b) If **yes**, what is the maximum authority granted to agents and third party administrators?

Number of authorised agents and third party administrators _____

Maximum Authority granted _____

FINANCIAL INSTITUTIONS PROFESSIONAL LIABILITY POLICY Securities Trading/Dealing Supplemental Proposal Form C

1. If the Applicant offers third party trading, what percentage of fee income is derived from investments in:
 - (a) listed securities: %
 - (b) unlisted securities: %
 - (c) emerging markets: %
 - (i) listed: %
 - (ii) unlisted: %
 - (d) debt instruments: %
 - (e) real estate/property: %
 - (f) commodities: %
 - (g) derivative instruments - hedging: %
 - (h) derivative instruments - speculative: %
 - (i) limited partnerships: %
 - (j) other (please specify): %

2. Does the Applicant have procedures in place to ensure the following:
 - (a) accuracy of transactions? Yes No
 - (b) trading limits are adhered to and monitored? Yes No
 - (c) segregation between front and back office functions? Yes No
 - (d) timely recognition of material trading losses? Yes No
 - (e) due diligence process prior to the introduction of new products or services? Yes No
 - (f) immediate identification of breaches? Yes No
 - (g) immediate detection of trading or trade errors? Yes No

3. From how many locations does the Applicant trade?

4. Are all trading counterparties independently monitored and approved for creditworthiness and limits on at least a monthly basis? Yes No
If **no**, please provide details:

5. Are all trades entered immediately? Yes No

6. Does the Applicant allow remote trading? Yes No
If **yes**, please provide details of controls:

7. Are all trade confirmations (counterparty side) independent from the trading function? Yes No

8. Is the back office confirmation of trades with counterparties performed on the same day as the trade? Yes No

9. How often are trade exceptions and related reporting performed?

10. How often are trading records reconciled?

11. Is there a complete separation of duties within trading and real time monitoring of traders to ensure that trading limits are in compliance? Yes No

12. Are all anomalies or non-conforming trades reported to the Risk Management department and internal audit? Yes No

13. Do management follow up on all reported anomalies or non-conforming trades? Yes No
14. Does the Applicant track employee trading accounts? Yes No

15. Does the Applicant's system monitor for any unusual trading activity e.g churning, suitability etc?

16. Are all trading conversations recorded? Yes No
17. Does the Applicant offer on-line trading? Yes No
(a) If so, are all transactions recorded? Yes No
(b) How long are records maintained? Yes No
18. Are all trade entered immediately into a system? Yes No
If **no**, please provide details:
19. Does the Applicant's system automatically identify and reject a transaction that is not:
(a) with an approved counterparty? Yes No
(b) with an approved product? Yes No
(c) within approved authority levels? Yes No
If **no** to any of the above, please provide details:

20. Does the Applicant maintain written authorities for each trader which detail the trading limits, products and counterparties they are authorised to deal with? Yes No
If **no**, please provide details:

21. Does the Applicant's system automatically reject any trades that exceed the above authorities? Yes No
If **no**, please provide details:

22. In the past 12 months, how often were the above authorities exceeded and by what amounts?
What measures were implemented to avoid a repetition ?

FINANCIAL INSTITUTIONS PROFESSIONAL LIABILITY POLICY

Corporate Advisory Supplemental Proposal Form D

1. Please provide the percentage split of the Applicant's corporate advisory activities:

	Industry	%
Financial Institutions		
Manufacturing		
Telecommunications		
Energy:		
- fossil		
- renewable		
Mining		
Other (please specify)		

2. Please provide gross revenue derived from corporate advisory activities for the previous three years with an estimate for the current year:

	Total	% Income derived from the North America
Current Year (estimate)		
Prior Year 1		
Prior Year 2		
Prior Year 3		

3. Please provide the following:

	Current Year	Previous Year
Average fee income from any one client		
Largest fee income from any one client		
Average number of transactions		
Number of failed or incomplete transactions		
Average underwriting participation		
Largest underwriting participation: Please describe type:		

4. Does the Applicant have documented guidelines and procedures in effect to ensure adequacy of due diligence reviews? Yes No

Please describe including, for example, verification of financial ability of buyers in M&A transactions, when independent, external review is required with respect to any transaction etc:

5. Describe the Applicant's procedures to ring fence sensitive information and to ensure that no conflict of interest arise with other areas of the organisation:

FINANCIAL INSTITUTIONS PROFESSIONAL LIABILITY POLICY

Financial Planning Supplemental Proposal Form E

1. Indicate the number of customers or accounts for which investment advice is provided by the Applicant:

	Current Year	Previous Year
First time investor		
High Net worth individuals		
Investors approaching retirement		
Retirees		
Other (please specify):		

2. What is the total value of funds under management for which investment advice is provided for:

	Current Year	Previous Year
First time investor		
High Net worth individuals		
Investors approaching retirement		
Retirees		
Other (please specify):		

3. Please provide:

- (a) value of the largest account:
- (b) value of all all accounts lost in the previous 12 months:
- (c) total number of accounts lost in the previous 12 months:

4. Is there a minimum size of account accepted for new customers? Yes No

If **yes**, state the amount:

5. Provide total gross income (including commissions & fees) derived from the following services:

	Current Year \$	Previous Year \$
Financial Planning		
Life Insurance		
Non-life insurance (Authorised representative)		
Other (please specify):		
Total	\$	\$

6. (a) Please provide total gross income for the following:

	%	Number of Clients	Funds
Singapore Equities on a direct basis			
Singapore Equities on a managed fund basis			
Foreign Equities on a direct basis			
Foreign Equities on a managed fund basis			
Cash / Fixed Interest Securities			
Government Bonds			
Wrap Accounts / Self Managed Pension Plans			
Master Trusts			
Absolute Return/Hedge Funds			
Debentures			
Derivatives			
Listed Managed Investments			
Unlisted Managed Investments			
Listed Property Trusts			
Unlisted Property Trusts (e.g. syndicates) or direct property			
Margin Lending on a managed fund basis			
Margin Lending on a direct equity basis			
Mortgage Schemes			
Managed Discretionary Accounts			
Other (please specify):			

(b) If **yes**, to derivatives, please describe the types of derivative instruments used, their purpose, the amounts and valuation procedures utilised:

(c) If **yes**, to Equities on a direct basis:

(i) Does the Applicant obtain external advice and/or view external analyst reports regarding investing into shares? Yes No

(ii) If no, please attach details of guidelines in place to ensure investment on this basis is suitable to the Applicant's client(s):

(d) If **yes**, to margin lending:

(i) Describe how the Applicant determines the suitability of client for margin lending:

(ii) Does the Applicant provide clients with a prospectus for each funding provider when recommending margin lending products? Yes No

(iii) What is the maximum percentage of a client's overall portfolio that the Applicant recommends they place via margin lending?

(iv) Describe any maximum gearing ratios imposed on clients with respect to margin lending:

(v) List the margin lending facilities the Applicant uses:

(e) If **yes**, to Managed discretionary accounts:

(i) Does the Applicant have an approved products list? Yes No

(ii) Are exceptions permitted? Yes No

(iii) Please explain how any exceptions are handled:

(iv) Please provide details of the investment strategy employed regarding Discretionary Portfolio Management:

7. Is the Applicant a Financial Adviser regulated by the Financial Advisers Act 2001? Yes No

9. Please state:

(a) Number of employed advisers: _____

(b) Number of Authorised representatives: _____

10. Describe the process for selecting and monitoring non-employed Authorised Representatives:

11. Describe the remuneration process for Employees (acting as financial planners) and/or Authorised Representatives, including the breakdown between fees and commissions:

12. Does the Applicant subscribe to or is it subject to any of dispute resolution scheme? Yes No

13. Does the Applicant use a contract or terms of appointment letter when accepting an engagement?

- If **yes**:
- (i) are all contracts approved by counsel? Yes No
 - (ii) do all contracts provide indemnity and/or limitations to the Applicants liability? Yes No

If **no**, how does the Applicant define its responsibilities to its clients?

14. Does the Applicant conduct a needs analysis for all financial planning/ portfolio management clients and provide them with a statement of advice? Yes No

15. Does the Applicant disclose the credit risk to clients at all times when recommending an investment product? Yes No
If **no**, why not?

16. Does the Applicant provide a prospectus for investment products it recommends to its clients? Yes No

17. Does the Applicant have a cooling off period for its clients when agreeing an investment strategy recommended by a financial planner? Yes No

18. Does the Applicant deal in or recommend products or instruments for which no disclosure documents are required by law to be provided to the client by the issuer? Yes No

If **yes**, please outline these products and/or instruments and why no disclosure is made/required:

19. Does the Applicant conduct random audits of a client's existing portfolio? Yes No

If **yes**:

(i) How often?

(ii) Who conducts the audit?

20. Does the Applicant publish any type of investment newsletter or similar periodical? Yes No
If **yes**, please attach the two most recent issues.

21. Does the Applicant outsource any functions? Yes No
If **yes**, please provide details:

22. Are all financial advisers (employed and independent) required to attend training programmes on:

- (i) Internal control procedures? Yes No
(ii) Products and services? Yes No
(iii) Errors and omissions prevention?
prior to assuming activities. Yes No
If **no** to any of the above, please explain:

23. Does the Applicant provide continuing professional education to its employees?
If **yes**, please describe: Yes No

24. Does the Applicant maintain an Approved Products List that has been approved by its Investment Committee?
 Yes No

25. Are securities on the Approved Products List the only ones that advisers are authorised to use?
 Yes No

If **yes**, are exceptions to the Approved Products List allowed? Yes No

If **yes**, please explain how exceptions are dealt with:

26. Does the Applicant use the services of any external parties or externally generated research when selecting and reviewing products that will go onto its Approved Products List? Yes
 No

If **yes**, please set forth those services providers:

27. Please attach:

- (a) Copy of business plan
- (b) Sample statement of advice
- (c) Current Approved Products list
- (d) Sample prospectus
- (e) Two most recent investment letters or similar periodicals

FINANCIAL INSTITUTIONS PROFESSIONAL LIABILITY POLICY Loans and Leasing Supplemental Proposal Form F

1. Is there a formal lending policy (adopted by the Board of Directors) addressing all types of loans and leases in which you participate? Yes No

If **no**, please describe.

2. Does the Applicant's formal lending policy describe minimum documentation standards for each type of loan or lease in which it participates? Yes No

If **no**, please describe.

3. Who is responsible for ascertaining that documentation standards established by the formal lending policy are met?

4. Who is the officer charged with the responsibility of monitoring the Applicant's lending/leasing activities?

5. To whom and with what frequency does the officer provide formal findings?

6. Does a loan application completed by the applicant accompany all requests for loans? Yes No

If **no**, under what circumstances is an application not required? _____

7. Are all loan declinations notified to the applicant together with reason(s) for the declination?

(If **no**, please describe exceptions)

Yes No

8. Are formal commitment letters provided for all approved loans, leases and/or approved lines of credit?
(If **no**, please describe exceptions) Yes No

9. Are lines of credit documented (in writing) to the borrower as to criteria the borrower must meet before future funding of the credit will be extended?
(If **no**, please describe the exceptions) Yes No

10. Have all internal audit and compliance exceptions with respect to lending/leasing activities been corrected?
(If **no**, please explain) Yes No

11. Does the Applicant ever become involved in the management of the business of any borrower (either directly or indirectly)?
(If **yes**, please explain) Yes No
