

PROFESSIONAL INDEMNITY PROPOSAL FORM



GUIDANCE NOTES

This proposal must be completed by a Principal, Partner or Director of the Proposer. Please use your Company headed paper to provide full details to any answers where appropriate.

The completion and signature of this form does not bind either the Proposer or the Insurer to complete a contract of insurance.

DUTY OF DISCLOSURE

It is your responsibility to disclose to insurers all material information when obtaining or renewing cover. Information is deemed material if it would influence the judgment of a prudent insurer in deciding whether or not to accept the risk or establishing the terms upon which they are prepared to write the risk. If you are in any doubt as to whether or not an item of information is material, you should disclose it. You have an ongoing duty to disclose all material information throughout the term of the policy.

If any material information is omitted or misrepresented, Insurers may have the right to void the policy and return the premium, and no claims will be paid.

Professional Indemnity Insurance policies are written on a "claims made" basis and no days of grace are applicable. Therefore, in the unfortunate event of you being made aware of a claim or circumstance which may give rise to a claim, after the expiry date, you will be responsible for settling any claims notified during the period for which cover is not in force.

Please retain a copy of this completed proposal form for your records

PROFESSIONAL INDEMNITY PROPOSAL FORM



SECTION 1 - YOUR COMPANY

1 a) Please provide the name of all proposing entities, including trading styles, for which cover is required to be considered.

Name(s) of Current Firms

Date Commenced Trading

--

Principal Address

--

Telephone

--

Email

--

b) If there is more than one trading office please provide address and contact details on a separate sheet & please confirm there is a Principal, Partner or Director at each office?

Yes

No

c) Please provide the name of all past business entities, predecessors in business, for which cover is required to be considered (if the business activities of any of these were different to those of the current entities please provide details on a separate sheet).

Name(s) of Past Firms

Period of Trading

--

d) Are any of the above entities a Limited Company that has been wound up and/or has no assets and/or has been declared by the FSCS to be "In Default".

Yes

No

2 Do the entities in Q1a have any past or current Appointed Representatives / Tied Agents for which cover is required to be considered?

Yes

No

If **Yes**, please provide details below

Name(s) of Appointed Representative/Tied Agent

Date of Appointment

Date of Termination

PROFESSIONAL INDEMNITY PROPOSAL FORM



3 a) Do you operate as a Locum for any other firm?
 b) Have you appointed a Locum to act on behalf of your firm?

Yes No If **Yes** to a) or b) please provide details below

4 a) Please provide the following details of all current Principals/Partners/Directors (including Locums).

Name and Position	Qualifications	Current Age	Number of years qualified to provide financial advice

b) Number of permanent staff other than Principals / Partners / Directors.

Number of Registered Individuals (exc. Self-employed Advisers)	Number of self-employed registered individuals	Number of Unregistered Mortgage or Protection Advisers	Paraplanners and other technical staff	Administrative & secretarial staff	Total

c) Do any of the individuals under a) or b) above work from home?

Yes No If **Yes**, please confirm the systems and controls in place to monitor their activities

d) Are all of the individuals under a) or b) above treated as employees with respect to their training, supervision, compliance and competence?

Yes No

PROFESSIONAL INDEMNITY PROPOSAL FORM



5 Please confirm that all your advisers in Q4a and Q4b, and any Appointed Representatives detailed in Q2:

a) Hold a Level 4 RDR compliant qualification (as detailed in PS11/1) and have conducted any necessary gap-fill requirements?

Yes No

b) Hold a Statement of Professional Standing (SPS) issued by a body accredited by the FSA of the FCA?

Yes No

c) Will achieve the minimum of 35 hours of relevant Continuing Professional Development (CPD) including at least 21 hours of structured learning, and collate appropriate documentation to demonstrate compliance with CP10/14 requirements?

Yes No

6 Is any individual authorised to sign cheques as a sole signatory on behalf of either the business or clients' accounts?

Yes No If **Yes**, please provide details below

7 a) Are all the entities in Q1) and Q2) directly authorised with the FCA?

Yes No If **No**, please provide details below

Our Standard Policy will provide cover only from when directly authorised. If you require cover for activities prior to that date, then please give details.

b) Have all the entities in Q1) and Q2) always been directly authorised with the FCA and its predecessors?

Yes No If **No**, please provide details below

c) Do or have any of the proposing entities perform(ed) any activities which are not regulated by the FCA and/or its predecessors?

Yes No If **Yes**, please provide details below

PROFESSIONAL INDEMNITY PROPOSAL FORM



8 Have the business activities of the proposing entities changed substantially during the past ten years?

Yes No If **Yes**, please provide details below

9 Do the proposing entities anticipate any major changes in their activities during the next twelve months?

Yes No If **Yes**, please provide details below

10 Please list any other Professional / Regulatory Bodies, Trade Associations or Societies to which the entities in Q1a) belong?

11 Please confirm your Financial Year End?

12 In respect of all proposing entities/Appointed Representatives/Tied Agents and derived from all employees for which cover is required, please confirm the total fee income/commission income, including permissible trail/renewal commission.

a) Last Completed Financial Year:	/ /	£
b) Previous Year:	/ /	£
c) Previous Year:	/ /	£
d) Previous Year:	/ /	£
e) Previous Year:	/ /	£
f) Current/Next Year Estimate	/ /	£

13 Do you continue to receive Renewal/Trail or fund based commission on

PROFESSIONAL INDEMNITY PROPOSAL FORM



any investments / products and, if so, approximately what sum annually?

14 Is the customer aware that you receive such commissions? Yes No

15 In respect of the Retail Distribution Review (RDR) Adviser Charging requirements, please confirm the following.

a) A charging structure is in place based on level of service you provide, rather than the particular product or provider recommended: Yes No

b) Charges are disclosed to clients up front, including a price list or tariff confirming the specific amount to be paid later on): Yes No

c) On-going charges are only levied where an on-going service (such as a performance review of their investments) has been agreed in writing with the client, detailing the service provided, any association charges and how the client can cancel the service (this does not apply for charges on regular contribution products). Yes No

16 a) Please confirm that you have reviewed the rules on payment of trail commission on pre-RDR assets and the FSA/FCA guidance on the treatment of legacy assets. Yes No

b) Please confirm if you have decided if you can continue to receive trail commission on pre-RDR assets? Yes No

17 Are you offering:

Independent advice (unbiased and unrestricted advice based on a comprehensive and fair analysis of the relevant market) Yes No

OR

Restricted advice (e.g. advice on a limited range of products or providers) Yes No

18 Please confirm that you disclose to each client up front what type of advice they will receive (**independent or restricted**) and that you have reviewed your Service and Costs Disclosure Document (SCDD) and the Combined Initial Disclosure Document (CIDD) in line with FCA guidance to ensure they satisfy the new written disclosure requirements? Yes No

19 Is any income derived from clients outside of the UK?

Yes No If **Yes**, please provide details below

PROFESSIONAL INDEMNITY PROPOSAL FORM



SECTION 2 - INVESTMENTS

20 Have any of the proposing entities **ever** provided advice or services with regards to direct investments or investments that funds have invested in any of the following?

	Ever	Last Completed Financial Year
Pension Sales & Advice – Private (including GPP)	YES/NO	%
Pension Sales & Advice – Corporate	YES/NO	%
Pension Fund Trustee Services	YES/NO	%
Pension Fund Management/Administration Services	YES/NO	%
Self-Invested Personal Pensions (SIPPS)	YES/NO	%
SIPP's Administration	YES/NO	%
Private Client Portfolio Management/Fund Management – Discretionary	YES/NO	%
Discretionary Private Client Portfolio Management/Fund Management – Introducer Only	YES/NO	%
Model Portfolio Investments	YES/NO	%
Unit Trusts/ISA's	YES/NO	%
Insurance/Investment Bonds	YES/NO	%
Specific Investments as per b) below	YES/NO	%
Mortgages (Prime/Residential)	YES/NO	%
Mortgages (Sub Prime)	YES/NO	%
Mortgages (Self Certification)	YES/NO	%
Mortgages (Buy to Let/Commercial)	YES/NO	%
Equity Release/Home Reversions/Lifetime Mortgages/Sale & Rent back	YES/NO	%
Life and Protection	YES/NO	%
PHI Medical	YES/NO	%
Commercial Insurance	YES/NO	%
Personal Lines	YES/NO	%
Other (Please Specify)	YES/NO	%
TOTAL		100%

PROFESSIONAL INDEMNITY PROPOSAL FORM



21 Have any of the proposing entities **ever** provided advice or services with regards to direct investments or investments that funds have invested in any of the following?

	Ever	Last Financial Year
Structured Products, Deposits or SCARPs		%
Unregulated Collective Investment Schemes (UCIS)		%
Any investment for Tax Structuring, Planning or Mitigation (other than ISAs) for instance but not limited to EIS, VCT, BPR* or IHT investments		%
Traded Life Policies/Viaticals/Life Settlement Products		%
Traded Endowment Plans		%
Funds with a concentration of Commercial Property Investments in excess of 25%		%
QROPs/QNUPs		%
Offshore Bonds		%
Film Finance Schemes		%
Hedge Funds		%
Own Branded Collective Investment Funds		%
Any other unregulated products other than those stated above		%
TOTAL		100%

If you carry out work in any of the areas in Q21 please provide full details in the Esoteric Supplementary Questionnaire.

***If any investments have been made into BPR please provide a copy suitability letter.**

22 Have any proposing entities ever advised, recommended or otherwise any unregulated products, including but not limited to UCIS?

Yes No

If **Yes***:

a) Were the regulatory requirements relating to the unregulated products applied correctly (including, but not limited to, the exemptions stated in COBS section 4.12 and/or s.238 of FSMA)?

Yes No

b) Were unregulated products only offered to high net worth sophisticated investors, and signed off as such?

Yes No

c) Please confirm no unregulated product formed more than 10% of any clients portfolio?

Yes No

d) Please confirm that you have clearly demonstrated to all retail clients the reasons setting out why unregulated products were recommended and suitable?

Yes No

*Please provide a list of all Unregulated Products in the appendix at the back of the proposal.

23 In Respect of Tax Mitigation, Have/Are any schemes being investigated by the HMRC or any other governing body?

Yes No If **Yes**, please provide details below

PROFESSIONAL INDEMNITY PROPOSAL FORM



24 Have you ever provided any advice to any client that resulted in the client borrowing money, including taking out a mortgage, for the specific or eventual purpose of investing into an investment product?

Yes No If **Yes**, please provide details below

25 Do the proposing entities including any Appointed Representatives use any platform(s) for client investments?

Yes No If **Yes**, please provide details below

26 Please provide the number of single premium or annual investments (excluding Pensions or monthly investments) made in the last completed financial year where the sum invested was.

	Number of investments
a) Less than £50,000	
b) Equal to or more than £50,000 but less than £150,000	
c) Equal to or more than £150,000	

27 In the last six years did any of the proposing entities transact any case that earned over £15,000 in fees or commission?

Yes No If **Yes**, please provide details below

28 In the last six years have any of the proposing entities issued any direct offer financial promotions to clients promoting a particular product or products?

Yes No If **Yes**, please provide details below or continue on a separate sheet.

Product Provider and Product Promoted	Date	Number of clients mailed	Number of applications received

PROFESSIONAL INDEMNITY PROPOSAL FORM



29 a) Has any proposing entity provided any advice or service with regards to any investment(s) or deposits with or in securities issued by, or has the firm had any dealings directly or indirectly with, any Financial Institution, fund or investment that is insolvent or is unlikely to be able to meet its obligations?

Yes No

b) Has any advice or service been provided with regards to any investment that has had new investment and/or redemptions suspended, had the assets re-valued or is insolvent?

Yes No

c) Has any advice or service been provided with regards to any Financial Institution, fund or investment which is or has been under investigation by the Police, SFO, FSA / FCA, SEC or other regulatory authority?

Yes No

If **Yes** to a) b) or c) please provide full details in the table below or continue on a separate sheet:

Name of Investor	Date of Investment	Value of client's investment portfolio	Original Investment Value	Product	Current Value	Date of Valuation

PROFESSIONAL INDEMNITY PROPOSAL FORM



SECTION 3 - PENSIONS

30 What are the circumstances under which you consider recommending a pension switch?

--

31 Please confirm that in respect of any recommendation to switch from one Pension provider to another the four areas of suitability are reviewed and incorporated in all Suitability Letters?

Yes
 No

32 Please provide the names and details of the experience and qualifications of the individuals authorised by the proposer to provide Pension Transfer advice/income drawdown business and/or providing Annuity purchase advice.

Names	Qualifications	Experience

33 Please provide the number of:

	No of Transfers	Average Value	Largest Value
Pension Transfers from Defined Benefit Occupation or Final Salary schemes arranged in the past 10 Years.			
Pension switches from one product provider to another since 6th April 2006 (include all occupational and personal pension transfers/switches).			
Pension Switches from one product provider to a SIPP in the past 10 years.			

34 Please complete the following if any proposing entity has transacted/given advice in respect of unsecured pensions or Annuities. Please include Income Drawdown, Phased Retirement, 3rd Way Products or Alternatively Secured Pensions.

Year	Total Number of Drawdown Cases transacted	Number of Annuity Cases transacted overall
2011		
2012		
2013		
2014		
2015		
2016		

PROFESSIONAL INDEMNITY PROPOSAL FORM



35 If a client has been advised to give up a Guaranteed Annuity Rate have they been provided with an illustration showing the income they are giving up?

Yes No If No, please explain why not

36 Have you ever recommended drawdown on a fund value below £250,000?

Yes No

If **Yes**, please provide a brief analysis of the Company's strategy and philosophy for the sale of income drawdown or phased retirement products in terms of fund values (e.g. why might you recommend drawdown on a fund value below £250,000), drawdown amount taken and commissions taken:

37 Please confirm if any proposing entity for whom cover is required has set up/given advice on SIPP's where clients have invested into product(s) for which no advice or recommendation has been given? (Including introductions from third parties)

Yes No If **Yes**, please provide details including the name of the investment product(s) and, if applicable, the name of any introducer/promoter of the investment.

38 Please confirm if any proposing entity for whom cover is required has set up/given advice on SIPP's as a vehicle to invest solely into Esoteric Investments, including but not limited to UCIS and Overseas Property, whether on an advised or non-advised basis?

Yes No If **Yes**, please provide details below

PROFESSIONAL INDEMNITY PROPOSAL FORM



39 Please confirm if any proposing entity for whom cover is required has transacted SIPP's where the purpose is for the client to purchase a sole commercial property?

Yes No If **Yes**, please confirm below

Number of Transactions

Type of Client e.g. HNW

Please provide a copy suitability letter

40 Since the Pensions Freedom Act in April 2015 have you carried out any Pension Transfers and/or advised on any Pension Drawdown cases for any client?

Yes No If **Yes**, please confirm the number of Transactions

Of the number of transactions, please confirm

a) How many were on behalf of Insistent Clients?

b) How many were on an execution only basis where you provided a service to assist a client access their pension fund?

c) What action have you taken to protect yourself from any future complaint?

PROFESSIONAL INDEMNITY PROPOSAL FORM



SECTION 4 - COMPLIANCE

41 Has any of the entities in Q1 or Q2, or any adviser thereof, ever:

- a) Been the subject of disciplinary proceedings or warning for rule breaches by any regulatory or professional body? Yes No
- b) Been involved in any instance of fraud or dishonesty? Yes No
- c) Been subject to any civil or criminal judgment? Yes No

If **Yes** to a), b) or c), please provide details on a separate sheet.

42 a) When was the last FCA/FSA regulatory visit or telephone interview for routine compliance monitoring purposes for the entities in Q1a)?

- b) Has any of the proposing entities ever received, or are they on notice of, a visit from the regulator for other reasons, including risk based monitoring? Yes No
- c) Have you had any type of TCF audit from the FSA / FCA? Yes No

If **Yes** to a), b) or c), please provide a full copy of the report with any subsequent correspondence and/or full details

43 Please confirm the name of your current Compliance provider?

44 Do the proposing entities including any Appointed Representatives provide reviews to all active clients at least annually?

- Yes No If **No**, please explain why

45 Approximately, what is the number of active clients per adviser?

46 Do you ever complete forms for clients?

- Yes No

If **Yes** do you ensure that the client signs the form after confirming the accuracy of its content? Yes No

PROFESSIONAL INDEMNITY PROPOSAL FORM



47 As part of your normal conduct of business and file keeping, do your files demonstrate regulatory compliance and document the following (the list below is not exhaustive).

- | | | |
|--|------------------------------|-----------------------------|
| a) Suitability (e.g. the choice of investment suited the customer circumstances, complemented their other investments, fact finds have been signed, all risk warnings explained to client at point of sale and in writing, explanations as to why the product has been selected, the level of investment, customer affordability); | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| b) Know your client - (e.g. personal and financial circumstances, dependents, objectives and attitude to risk); | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| c) Product disclosure - (e.g. independent due diligence and understanding product demonstrated to client); | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| d) Disclosure of basis for remuneration; | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| e) Risk warning (e.g. written explanation of risks in respect of return of capital, the investment cannot be guaranteed to mature to the full expected value, the investment involves investment risk, and other forms of investment could meet the client's needs); | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| f) All meetings and substantive telephone calls with the customer ? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

48 Have any claim or potential claims (including any letters of complaint about your services) been made against the Firm, or against any of the present Partners or Directors or the Proprietor or employees or representatives (including Locum's) of the Firm or, to the knowledge of the Firm, against any of the predecessors in business or any past Directors or Proprietor or employees of the Firm?

Yes No If **Yes**, please provide details below

49 Is any Partner or Director aware, after enquiry, of any circumstances that are likely to result in any claim (including, but not limited to, any letters of complaint about your services or Data Subject Access Requests) being made against the Firm, or against any of the present or past Partners or Directors or employees or representatives (including Locum's), or against any predecessor in business?

Yes No If **Yes**, please provide details below

PROFESSIONAL INDEMNITY PROPOSAL FORM



50 Please provide a copy of the complaints log for all entities for which cover is required.

51 Is there any additional material information you believe should be included to assist in underwriting your application?

SECTION 5 - DECLARATION

THIS PAGE MUST BE SIGNED AND DATED IN ORDER TO VALIDATE YOUR PROPOSAL FORM

I/We declare on behalf of the Proposing Entities that the above statements and details are true and that I/we have not misstated or suppressed any material facts. I/We agree that this Proposal, together with any other information supplied by me/us, shall form the basis of any Contract of Insurance effected thereon. I/We undertake to inform Insurers of any material alteration to these facts occurring before completion of the Contract of Insurance. Signing this Proposal Form does not bind the Proposing Entities or Insurers to complete this Insurance.

Signature of Principal/ Partner/Director:

Name of Signatory:

Position:

Date:

PLEASE RETAIN A COPY OF THIS COMPLETED PROPOSAL FORM FOR YOUR RECORDS

CHECK LIST

Have you completed the Esoteric Supplementary Questionnaire on all activities on which you have said Yes to in Q21?
(Offshore bonds and Structured Products not needed, unless requested)

Yes

No

Have you provided a copy suitability letter if any investments have been made into BPR, as asked for in Q21?

Yes

No

Have you provided a copy of any TCF Correspondence/FCA Reviews asked for in Q42?

Yes

No

Have you provided a copy of the complaints log for all entities for which cover is required to be considered, as asked for in Q49?

Yes

No