

Real Estate Professional Indemnity Insurance Proposal Form

Duty of Disclosure

Your Duty of Disclosure

Before you enter into a contract of general insurance with an Insurer, you have a duty, under the Insurance Contracts Act 1984, to disclose to the Insurer every matter that you know, or could reasonably be expected to know, is relevant to the Insurer's decision whether to accept the risk of insurance and, if so, on what terms.

You have the same duty to disclose those matters to the Insurer before you renew, extend, vary or reinstate a contract of general insurance.

Your duty however does not require disclosure of a matter:

- ▶ that diminishes the risk to be undertaken by the Insurer;
- ▶ that is of common knowledge;
- ▶ that your Insurer knows or, in the ordinary course of its business, ought to know;
- ▶ as to which compliance with your duty is waived by the Insurer.

Non-Disclosure

If you fail to comply with your duty of disclosure, the Insurer may be entitled to reduce its liability under the contract in respect of a claim or may cancel the contract. If your non-disclosure is fraudulent, the Insurer may also have the option of avoiding the contract from its beginning.

Claims Made Policy

This declaration is for a 'claims made and notified' policy of insurance. This means that the Insuring Clause responds to:

- ▶ claims first made against you during the policy period and notified to the Insurer during the policy period, provided that you were not aware at any time prior to the policy inception of circumstances which would have put a reasonable person in your position on notice that a claim may be made against him/her; and
- ▶ written notification of facts pursuant to Section 40(3) of the Insurance Contracts Act 1984. The facts that you may decide to notify, are those which might give rise to a claim against you. Such notification must be given as soon as reasonably practicable after you become aware of the facts and prior to the policy's period of cover has expired. If you give written notification of such facts the policy will respond even though a claim arising from those facts is made against you after the policy has expired. For your information, Section 40(3) of the Insurance Contracts Act 1984 is set out as follows: "S40(3) Where the Insured gave notice in writing to the Insurer of facts that might give rise to a claim against the Insured as soon as was reasonably practicable after the Insured became aware of those facts but before the insurance cover provided by the contract expired, the Insurer is not relieved of liability under the contract in respect of the claim when made by reason only that it was made after the expiration of the period of insurance cover provided by the contract."

When the policy period expires, no new notification of facts can be made on the expired policy even though the event giving rise to the claim against you may have occurred during the policy period.

You will not be entitled to indemnity under your new policy in respect of any claim resulting from an act, error or omission occurring or committed by you prior to the retroactive date, where one is specified in the policy terms offered to you.

Subrogation

The policy contains a provision that has the effect of excluding or limiting the Insurer's liability in respect of a claim where the Insured had foregone, excluded or limited a right of recovery or contribution.

Non-Renewable Policy

For the purposes of Section 58 of the Insurance Contracts Act 1984, if a policy is issued, this policy is non-renewable and will expire at the conclusion of the policy period. Should the Insured require coverage beyond the expiry of the policy period, the Insured must complete a new proposal form and the Insurer may provide a new contract, the terms and conditions of which will be negotiated at the time.

Important Information

Answering the Questions

You must answer ALL questions in this proposal form. Failure to answer all questions in this proposal form could delay consideration of this application for insurance. You must ensure you provide complete and correct answers to all questions in this proposal form. If you are unsure whether any information is material to the Insurer's consideration of this application, this information should be disclosed.

Supplementary Information

If there is insufficient space in this proposal form for you to provide a complete answer to a question you may also submit additional information in spreadsheet or report format.

Supporting Documentation

All Applicants are required to submit the following documentation with this proposal form:

1. the CV's of all directors, principals and partners of the Applicant; and
2. any pamphlets, flyers or similar documentation the Applicant provides to the public.

Meaning of Terms

Please note in this proposal form:

"Proposer" means:

- ▶ the Association and all subsidiaries; and
- ▶ the officer bearers of the Association and all subsidiaries.

Reference to "North America" means the USA and Canada and their respective territories and possessions.

Contact Quanta

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Part A: General Information

This part of the Professional Indemnity Proposal Form asks for general information in relation to the Applicant's business. All sections of Part A are compulsory and must be completed in full.

Section 1: Indemnity Requirements**1.1 Indemnity Limit**

\$1,000,000 \$2,000,000 \$3,000,000 \$4,000,000 \$5,000,000 Other (please specify):

1.2 Stamp Duty

For the purposes of calculating the stamp duty to be paid for the policy, please provide the approximate percentage of the Applicant's activities (based on gross income/fees in the previous financial year) applicable to each state, territory and overseas [TOTAL must equal 100%].

NSW: VIC: WA: TAS: QLD: SA: ACT: NT: Overseas: Total:

Section 2: Applicant Details**2.1 Entities to be Insured**

Please complete the table below for each entity to be insured. It is essential that the Applicant specifies the names of all entities including service, administrative or nominee companies and subsidiaries that the Applicant wished to be covered by the policy.

Entity (include registered name and ALL trading names): ABN: Business commencement date:

2.2 Contact Details

Name: Phone: Mobile: Fax:

Email: Website:

Postal address: Suburb: State: Postcode:

2.3 Gross Income/Fees (Australian Dollars)

Country: Previous financial year end: Estimated current financial year end: Projected next financial year end:

Total gross income/fees:

Section 3: Resources

3.1 Staff

Please indicate the number of employees, sub-contractors and consultants employed/engaged by the Applicant for each category.

Principals, directors & partners: Professionally qualified: Other employees: Sub-contractors/consultants: Total number of staff:

3.2 Principals, Directors & Partners

Please list any principals, directors and partners who are currently licensed real estate agents (or where applicable licensed business agents or licensed stock & station agents):

Section 4: Insurance History

4.1 Latest Professional Indemnity Policy

Broker: Insurer: Indemnity limit: Excess: Expiry date: Base premium:

4.2 Prior Claims or Circumstances

In the last 5 years has any partner, principal, director, employee, sub-contractor or consultant ever been subject to disciplinary proceedings for professional misconduct? Yes No

If Yes, please provide details:

Important notice: When completing the table below, the amount indicated in Amount Paid should reflect any payments already made by the Insurer to third parties, plus any legal costs and expenses incurred to date by the Insurer. The amount indicated in Estimated should include amounts set aside by the Insurer for possible future payments. This information should be available directly from your Insurer's claims department. Include all professional indemnity, employment practices liability, statutory liability and cyber liability matters and attach a separate sheet if necessary.

In the last 5 years have any claims been made against any firm or entity to be insured by this policy or any of their predecessors in business or any prior firm or entity of any of their present or former partners, principals, directors, employees, sub-contractors or consultants, or have circumstances been notified to insurers that may give rise to a claim, in respect of the risks to which this proposal relates? Yes No

If Yes, please provide details below.

| | | | | |
|---------------------------|---|------------------|---|---|
| Date notified to insurer: | Name of claimant or potential claimant: | Name of insurer: | Amount paid to date in respect of claim/loss: | Estimated insurer outstanding reserve/loss: |
|---------------------------|---|------------------|---|---|

Please provide a brief description of the claim/loss/notification:

4.2 Prior Claims or Circumstances (Cont.)

| | | | | |
|---------------------------|---|------------------|---|---|
| Date notified to insurer: | Name of claimant or potential claimant: | Name of insurer: | Amount paid to date in respect of claim/loss: | Estimated insurer outstanding reserve/loss: |
|---------------------------|---|------------------|---|---|

Please provide a brief description of the claim/loss/notification:

| | | | | |
|---------------------------|---|------------------|---|---|
| Date notified to insurer: | Name of claimant or potential claimant: | Name of insurer: | Amount paid to date in respect of claim/loss: | Estimated insurer outstanding reserve/loss: |
|---------------------------|---|------------------|---|---|

Please provide a brief description of the claim/loss/notification:

Please attach additional sheets if necessary.

Is any partner, principal, director, employee, sub-contractor or consultant, after enquiry, aware of any circumstances which might give rise to a claim against any firm or entity to be insured by this policy or any prior firm or entity of any of their present or former partners, principals, directors, employees, consultants, or sub-contractors in respect of the risks to which this proposal relates (which is not referred to in the question above)? Yes No

If Yes, please provide details below.

| | | | |
|---------------------------|---|------------------|----------------------------------|
| Date notified to insurer: | Name of claimant or potential claimant: | Name of insurer: | Estimate of potential liability: |
|---------------------------|---|------------------|----------------------------------|

Please provide a brief description of the circumstances:

4.3 Previous Insurance Applications

| | | |
|---|-----|----|
| Has any Insurer ever declined a proposal, refused renewal or terminated the Applicant's professional indemnity insurance cover? | Yes | No |
| Has any Insurer ever imposed special terms or conditions on the Applicant's professional indemnity insurance policies? | Yes | No |
| Has any Insurer denied liability for a claim made or notified against the Applicant's previous professional indemnity insurance policies? | Yes | No |

If Yes, please provide details:

Part B: Professional Activities

This Part of the Professional Indemnity Proposal Form asks for specific information in relation to the Professional Activities undertaken by the Applicant.

Section 1: Professional Activities

1.1 Activities Undertaken

Complete the table by indicating the percentage of gross income/fees (for the previous financial year) the Applicant would receive for each category listed below.

| | |
|--|---|
| Residential sales <i>(not including "off the plan" sales)</i> | Commercial property & strata management <i>(excluding retail shopping centres)</i> |
| Residential sales <i>("off the plan" sales only)</i> | Commercial property & strata management <i>(retail shopping centres with 10 shops or less)</i> |
| Commercial sales <i>(not including "off the plan" sales)</i> | Commercial property & strata management <i>(retail shopping centres with more than 10 shops)</i> |
| Commercial sales <i>("off the plan" sales only)</i> | Business broking |
| Rural sales | Project management |
| Auctioneering | Stock & station |
| Residential property & strata management | Other |
| Owners Corporation Management | Total (%) <i>(must equal 100%)</i> |

1.2 Detailed Description of Activities

If the Applicant undertakes "project management", "stock and station", or "other" activities (as referred to in the table above), please provide a FULL description of these activities:

1.3 Risk Management - Property Management

| | | |
|--|-----|----|
| Does the Applicant use the standard property management and/or strata title management agreements as recommended by the REI based in their state or territory? | Yes | No |
| Does the Applicant maintain a complaints/repairs register to record all reports received about problems with properties managed? | Yes | No |

1.4 Risk Management - Fidelity

Other than directors, does the Applicant authorise other employees to:

| | | |
|---|-----|----|
| a. issue a cheque or any other bank instruments as a sole signatory? | Yes | No |
| b. authorise any payment in excess of \$5,000 without authorisation by a supervisor or manager? | Yes | No |
| c. process a refund to customers in excess of \$5,000 without authorisation by a supervisor or manager? | Yes | No |
| d. reconcile any bank account through which that employee is authorised to deposit funds into or withdraw from? | Yes | No |

If you have answered Yes to any of the above, please provide details below.

Position of the employee(s) who have authority: _____ Frequency the director(s) review the trust account: _____

1.5 Training and Education

| | | |
|--|-----|----|
| Do the directors, partners and qualified employees of the Applicant regularly attend continuing education programmes conducted by a franchise operator, the Real Estate Institute, an industry body or similar organisation? | Yes | No |
|--|-----|----|

Section 2: Business Broking Addendum

Important notice: Only complete section 2 if the Applicant requires their policy to include cover for any business broking activity.

Please list the directors/partners/principals of the insured who are responsible for business broking activities of the insured.

Name: _____ Relevant business broking qualification/licence: _____

The below refers to businesses broked in the last 12 months.

| | Goodwill component: | Freehold component: | SAV component: | Other: | Total: |
|---------------------|---------------------|---------------------|----------------|--------|--------|
| Average sale price: | | | | | |
| Largest sale price: | | | | | |

Please provide FULL details of the largest business broked during the last 12 months:

Does the Applicant specialise in broking a particular type of business? Yes No
 If Yes, please provide details of types of businesses broked in which you specialise:

When acting on behalf of the vendor of a business does and has the Applicant always recommend in writing to the prospective purchaser(s) of such business that they carry out their own due diligence or secure their own, independent valuation(s)? Yes No
 If No, please provide details of any warranties and/or disclaimers used by the Applicant to protect their interests in relation to the sale of the business:

Attach copies of any warranties and/or disclaimers used by the Applicant.

Part C: Additional Coverage**Pollution Defences Buy-Back Extension**

This benefit is to provide you with indemnity to defence costs which would naturally be incurred by you in respect to any claim brought against you. The limit of liability offered as part of this extension shall not exceed a maximum of \$50,000 in defence costs and expenses incurred for any one claim, sub-limited to \$150,000 during the policy period.

Do you wish to be quoted for a Pollution Defences Buy-Back Extension? Yes No

If Yes, please answer the following questions:

1. Do you as the managing agent complete routine property management inspections? Yes No

What is the standard period between inspections? days months years

2. Do you as the managing agent undertake and complete entry and exit inspection on all properties under management? Yes No

Please attach a copy of a standard report you would provide to the landlord following these inspections.

3. Do you undertake any testing of each property you manage either before, during or after the tenancy to determine if the property is safe for occupancy? Yes No

If Yes, please identify the type of tests, including the substances being tested for:

If No, would you be willing to implement the process? Yes No
Quanta can assist with this, ask your broker how.

4. How do you currently or would you manage concerns or issues where it may have or has been identified that the property under your management is uninhabitable?

Please see next page for Privacy Statement and Declaration.

Declaration

This part of the Professional Indemnity Proposal Form requires the Applicant to declare that the Proposal Form has been completed by answering all of the required questions in full and in accordance with the Applicants Duty of Disclosure. The Applicant must ensure that they have read and understood the Duty of Disclosure and if necessary revise the answers in the Proposal Form; then read, sign and date the declaration below.

I/We hereby declare that:

- ✔ I/We are authorised by each of the Applicants to complete and sign this Proposal Form.
- ✔ I/We have read and understood the Important Information set out on page 1 of this Proposal Form including the Duty of Disclosure.
- ✔ I/We have made detailed enquiries in order to comply with the Duty of Disclosure and the statements and information contained in the Proposal Form are true, correct and complete.
- ✔ No material information or facts have been withheld or misstated in the Proposal Form.
- ✔ I/We understand that the duty to disclose continues after I/We have completed this Proposal Form and signed this declaration until I/We have received written acceptance of the risk from the Insurer. This includes the duty to disclose any alterations to the information and statements provided in the Proposal Form prior to the inception date of the policy.
- ✔ I/We understand that until the Insurer confirms acceptance of the risk, no insurance is in force.
- ✔ I/We have read the privacy statement and I/We agree that information about this insurance may be collected, used and disclosed as described in that statement. Where I/We have provided information about an individual such as an employee on this proposal form, I/ We have advised the individual of the fact and provided a copy of the privacy statement to the individual.

Signature:

Name:

Position held:

Date:

Signature:

Name:

Position held:

Date:

Privacy Statement

We are committed to protecting your privacy. We use the information you provide to advise about and assist with your insurance needs. We provide your information to insurance companies and agents that provide insurance quotes and offer insurance terms to you or the companies that deal with your insurance claim (such as loss assessors and claims administrators). Your information may be given to an overseas insurer (like Lloyd's of London) if we are seeking insurance terms from an overseas insurer, or to reinsurers who are located overseas. We will try to tell you where those companies are located at the time of advising you. We do not trade, rent or sell your information.

If you don't provide us with full information, we can't properly advise you, seek insurance terms for you, or assist with claims and you could breach your duty of disclosure.

For more information about how to access the personal information we hold about you and how to have the information corrected and how to complain if you think we have breached the privacy laws, you can access a copy of our Privacy Policy on our website quanta.com.au or alternatively contact our Privacy Officer on **02 9225 4111**.

Returning Your Form

- | | |
|---|-----|
| 1. Have you signed the Privacy Statement & Declaration? | Yes |
| 2. Has each question in this Form been answered? | Yes |
| 3. Have you given complete, true and accurate answers to all relevant questions in this Form? | Yes |
| 4. Have you attached all necessary supporting documentation with this Form, including the CV's of all directors, principals and partners? | Yes |

Please check you have correctly filled out all sections and saved the document before submitting the form.

If you wish to return your form to Quanta via post, email or fax, please use the details provided below.

Contact Quanta

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