

Professional Indemnity Insurance Financial Advisers Proposal



NOTES

1. For the purpose of this proposal the use of the word 'You' / 'Your' means The Firm, Partners, Directors, Employees and Locums.
2. Please answer all questions as fully as possible.
3. If you have insufficient space to complete any of your answers, please continue on your headed paper.
4. If you have a brochure about your Practice's operation(s), please forward it with this proposal.
5. Material contained in the Proposer's website is not deemed to form part of this proposal apart from any information attached to the proposal in hard copy form.
6. The form must be signed and dated by a Partner, Principal, Director or Member of the Practice.

A full Policy Wording is available on request. Please ask your broker or usual Liberty Mutual Insurance Europe Limited contact. Please complete this form fully in BLOCK CAPITALS.

SECTION 1: PROPOSER DETAILS

1. Names(s) of Firm(s) (Please include all Former Firms and any Appointed Representatives for whose activities you are responsible and for whom cover is required. Continue on a separate sheet if necessary)

Current Firm(s)	Date Established	
Former Firms	Date Established	Date & why ceased
Appointed Representatives (Please supply CV's of principals)	Date Established	Date & why ceased (if applicable)

Professional Indemnity Insurance Financial Advisers Proposal



2. Current Address/es of firm(s) from which business is transacted
(Please list all locations by Town (or Country if overseas) and identify the supervising Partner/Director at each location. Please continue on a separate sheet if necessary)

Address & website (if applicable)	Partner/Director in charge

3. Partners / Directors / Sole Practitioners (Principals)

Please give details of all Partners, Directors and Consultants (including Locums)

Name	Position	Qualifications	Date Qualified	Age	Number of years as Principal of the Firm(s)

Professional Indemnity Insurance Financial Advisers Proposal

4. Staff numbers (not including Principals, but including all staff of AR's)
- a. Number of Registered Individuals (incl. self-employed advisors)
- b. Paraplanners and other Technical Staff (excl compliance staff)
- c. Dedicated Compliance Staff
- d. Administrative & Secretarial Staff
5. Advisers
- a. Number of self-employed advisors
- b. Are self-employed advisors treated as if they are employees with regard to management, supervision, compliance and T&C? Yes No
- c. Do all such advisers work from the Firm's office(s) rather than from home? Yes No
- d. Please confirm that all your advisers in 4a. are qualified to at least the minimum standards required by the FSA? Yes No
6. FSA Authorisation / Regulation
- a. Are you currently directly authorised by the FSA?
If 'No', please provide details on a separate sheet Yes No
- b. Has the Firm, or anyone within the Firm, ever been the subject of disciplinary proceedings by any regulatory or professional body? Yes No
If 'Yes', please provide full details on a separate sheet
- c. What was the date of your last regulatory visit?
(Please supply a copy of the FSA report)
- d. Have you been asked by the regulator to take part in any risk-based monitoring? Yes No
If 'Yes', please provide full details on a separate sheet, together with a copy of the FSA report
- e. Have you been asked by the regulator to undertake any form of past business review (including, but not limited to Section 166 reviews)? Yes No
If 'Yes', please provide full details on a separate sheet, together with a copy of the FSA report

Professional Indemnity Insurance Financial Advisers Proposal



7. Compliance

a. Who is your Compliance Officer and what is his/her experience in this field?

b. Is compliance managed solely in-house? Yes No

If 'No', please complete the following:

i. What is the identity of your specialist compliance firm?

ii. To what extent do you rely on their services?

iii. How often does the specialist firm visit your offices?

iv. What proportion of files is checked by the specialist firm?

v. What involvement does the specialist firm have in dealing with complaints?

vi. When was the specialist firm appointed?

vii. What were your compliance arrangements prior to the appointment of the specialist firm?

Professional Indemnity Insurance Financial Advisers Proposal

8. Risk Management

- a.** Have you fully considered whether or not your current systems fully comply with the FSA's Treating Customers Fairly Initiative? Yes No
- b.** Have you had any type of TCF audit from the FSA? Yes No
If 'Yes', please supply a copy of any subsequent correspondence
- c.** Do you provide reviews to all active clients at least annually? Yes No
- d.** Do you ever complete proposal 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
- e.** Do you keep client records indefinitely? Yes No
- f.** What is the approximate number of clients per adviser?
- g.** Do you specialise in any particular type(s) of client? Yes No
If 'Yes', please state which type(s)

9. Brokerage / Fees

- a.** Please provide the following information relevant to the Firm's financial year which ends on:

Financial Year	Last (20..)	Current (20..)	Next (20..)
Gross Income (including that generated by ARs)			
Commission (excluding where used to offset a pre-agreed fee)			
Fees (including where commission used to offset pre-agreed fee)			
Total			
Total net retained income (after deducting commission/fees paid to introducers, sub-agents, sub-brokers or consultants, excluding self-employed advisers)			

- b.** Is any income derived from clients outside the UK? Yes No
If 'Yes', please provide full details on a separate sheet

Professional Indemnity Insurance Financial Advisers Proposal

10. Business Profile

Please advise the approximate split of the total gross income during your last completed Financial Year (or a forecast for the first year if the Firm is a start-up) by the following categories:

Category	Any advice / sales within past 10 years?	% of income
a. Pension Sales & Advice (if now or ever, please complete Section 2)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
b. Investment Sales & Advice (if now or ever, please complete Section 3)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
c. Employee Benefits	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
d. Mortgage Sales & Advice (if now or ever, please complete Section 4)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
e. General Insurance Sales & Advice (if now or ever, please complete Section 5)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
f. Life & Protection Product Sales & Advice (including health) <p style="text-align: right;">Group Individual</p> <p>Has the Firm re-broked any CIC contracts or benefits? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If 'Yes', is there always an audit trail detailing the reasons for the re-broke together with confirmation that each client is aware of any reduced CIC definitions in the replaced policy, and is it retained on file? Yes <input type="checkbox"/> No <input type="checkbox"/></p>	Yes <input type="checkbox"/> No <input type="checkbox"/>	% %
g. Long Term Care <p>Please confirm that all advisers involved in LTC have passed the Long Term Care examination (CF8) Yes <input type="checkbox"/> No <input type="checkbox"/></p>	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
h. Other (please supply full details)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
Total		%
i. with regard to the business disclosed in a. – h. above, please advise the approximate percentage of this income that relates to Holistic Financial Planning		%

Professional Indemnity Insurance Financial Advisers Proposal

11. Approximately what proportion of business is sold on an execution-only basis? %

Is such business fully documented as being execution-only (including the receipt of a signed agreement from the client)? Yes No

12. a. Please indicate the approximate lapse ratio (NTUs/NPWs) of FS business written in the past 3 years %

b. What proportion of the above lapse ratio relates to the withdrawal of instructions during the “cooling off” period? %

13. Fidelity

a. Is the Firm authorised to receive/hold/control client monies? Yes No

If ‘Yes’, do you keep “client monies” and “clients’ funds” in properly designated clients’ accounts completely separate from the Firm’s own monies? Yes No

b. i. Has the Firm sustained any loss through dishonesty or fraud of any employee or representative? Yes No

If ‘Yes’, please provide full details on a separate sheet

b. ii. Is the Firm aware of any dishonesty or fraud at any time of any present or former Partner, Director, Proprietor, Employee or Representative? Yes No

If ‘Yes’, please provide full details on a separate sheet

c. Does the Firm always require satisfactory written references (and credit/criminal record checks of advisers(s)) when engaging new personnel? Yes No

d. Is any Partner/Director/Employee allowed to sign cheques above £5,000 on their sole signatures? Yes No

e. How often are the entries in the Cash Books checked with the vouchers and reconciled with the bank statement by a Principal or other senior employee independently of the responsible for the Cash Book entries?

Daily Weekly Monthly Annually

14. Current Insurance (Please leave blank if currently insured with Liberty)

Please give details of Professional Indemnity insurance currently held or recently expired)

Limit of Indemnity	Excess	Premium	Insurer	Renewal Date	Period Continuously Insured

Professional Indemnity Insurance Financial Advisers Proposal



15. Previous Insurance

Has any proposal for Professional Indemnity Insurance made on behalf of the Firm, or any of the present Partners or Directors or the Proprietor or, to the knowledge of the Firm, on behalf of their Predecessors in Business, ever been declined, or has any such insurance ever been cancelled or renewal refused, or any special premium increase or special terms imposed? Yes No

If 'Yes', please provide full details on a separate sheet

16. Future Developments

Do you anticipate any major changes in the Firm's activities during the next twelve months? Yes No

If 'Yes', please provide full details on a separate sheet

17. Claims / Complaints

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 Partners or Directors or Proprietor or employees of the Firm? Yes No

If 'Yes', please supply details separately including a summary, dates, paid amounts and, if the incident remains outstanding, reserves/amounts outstanding

18. Potential Claim Circumstances

Is any Partner or Director aware, after enquiry, of any circumstances that are likely to result in any claim (including any letters of complaint about your services) 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 supply details separately including a summary, dates and the amount(s) involved

19. Cover Required

Limits of Indemnity	£	£	£
Excess(es)	£	£	£

Professional Indemnity Insurance Financial Advisers Proposal

SECTION 2: PENSION QUESTIONNAIRE

For completion if directed to by Question 10a. of Section 1

1. Please advise the approximate split of the income disclosed by the following categories:

	Advice Provided in the past 10 Years?	Percentage Split
a. Personal Pension Plans		
Personal Advice %	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
Group Advice %		
b. Self-Invested Personal Pensions	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
c. Small Self-Administered Schemes	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
d. Executive Pension Plans	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
e. Alternatively Secured Pensions	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
f. Income Drawdown / Unsecured Pension / Phased Retirement	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
g. Pension Unlocking (other than in (f) above)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
h. Individual Pension Accounts	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
i. Pension Term Assurance	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
j. Annuities	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
k. Defined Benefit Schemes	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
l. Qualified Recognised Overseas Pension Schemes (QROPS)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
m. Pension Fund Administration	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
n. Pension Fund Management	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
o. Pension Trustee Work	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
p. Pension Transfers	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
from money purchase schemes	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
from defined benefit schemes	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
q. Other Please provide full details	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
Total		100%

Professional Indemnity Insurance Financial Advisers Proposal



2. Of the business transacted in Q1, what proportion is invested after using asset allocation tools into a platform or via a third party manager? %

3. What proportion of SIPPs invest in/hold unapproved assets? %

4. Income Drawdown / Unsecured Pensions

i. Please complete the following information if any business ever transacted:

	Total Number of Drawdown cases transacted	Number of cases where original fund value was below £100,000	Number of cases where original fund value was £100,000 to £300,000	Fund value of largest case in year	Number of Annuity cases transacted
1995					
1996					
1997					
1998					
1999					
2000					
2001					
2002					
2003					
2004					
2005					
2006					
2007					
2008					
2009					
2010					
2011					

Professional Indemnity Insurance Financial Advisers Proposal



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International
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ii. Number of cases taking maximum drawdown

iii. Number of cases where full commission taken with no fee offset

iv. How often are reviews conducted?

v. How many of the above cases represent the client's sole retirement funds?

vi. How many cases have been transacted purely to release tax free cash, with no income being taken?

vii. Of those in vi) above, has all other ways of raising cash been investigated and are the reasons for discounting these fully documented on file?

Yes No

viii. Do all advisers involved in this area undertake annual competence training?

Yes No

ix. Please provide a brief analysis of the Firm'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:

Professional Indemnity Insurance Financial Advisers Proposal



5. Pension Transfers / Pension Switching

Please provide the following information if any cases ever transacted:

- i. Please provide the number of Pension Transfers from Defined Benefit Pension Schemes arranged in the past 10 years, providing the average and largest transfer value:

Number of Transfers	Average Transfer Value	Largest Transfer Value

- ii. Please provide the names and details of the experience of the individuals authorised to provide Pension Transfer advice:

Name	Qualifications	Experience

- iii. Please provide the number of Pension Switches to a Personal Pension Plan or Self-Invested Personal Pension (SIPP) from any defined contribution pension arranged since A-day (6 April 2006). In addition please provide the average and largest transfer value

Number of Switches	Average Fund Value	Largest Fund Value

- iv. What percentage of switches have been made to schemes that are more expensive than the ceding scheme or a stakeholder pension? Please provide full details of why they were moved

Percentage	Reason for moving

Professional Indemnity Insurance Financial Advisers Proposal



v. Please provide details of the top 3 product providers of the receiving schemes:

Provider	Percentage

vi. Please confirm whether any pension profiling or comparison tool is used to determine whether there are any benefits of switching Yes No

If 'Yes', please provide details

vii. Have you reviewed a sample of your Pension Switching files against the four areas of suitability identified by the FSA? Yes No

If 'Yes', please complete the following table:

Suitability Category	Number of Files Reviewed:	
	Pass %	Fail %
Extra Product Costs Incurred		
Benefits lost from ceding pension (including, but not limited to, Guaranteed Annuity Rates)		
New pension does not meet attitude to risk		
Need for on-going advice not explained, offered or provided		

Professional Indemnity Insurance Financial Advisers Proposal

SECTION 3: INVESTMENT QUESTIONNAIRE

For completion if directed to by Question 10b. of Section 1

1. Please advise the approximate split of income by the following categories:

Category	Any Advice / Sales within the past 10 years?	Percentage
a. Insurance / Investment Bonds i. UK (ex C.I & I.O.M) % ii. Offshore %	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
b. Unit Trusts / ISAs i. UK (ex C.I. & I.O.M) % ii. Offshore %	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
c. Mortgage Linked Endowments	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
d. Regular Savings Products (including endowments not linked to mortgages)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
e. Structured Products (including Precipice Bonds / SCARPs) If any, please complete the attached Structured Products spreadsheet	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
f. Private Client Portfolio Management (please state whether discretionary or not and provide a copy of the contract)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
g. Unregulated Collective Investment Schemes (UCIS)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
h. Investment vehicles designed/used specifically for tax mitigation reasons, e.g. (and not restricted to) Film Partnerships, EZT's, VCT's Property Funds, Carbon Trading Partnerships, EIS', Unregulated / Alternative Asset Classes, etc.	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
i. Other investment vehicles including (and not restricted to) TEPs, Viaticals/traded life policies, securities dealing, commodities dealing, investment in tangibles, property funds, hedge funds, esoteric investments etc	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
Total		100%

Professional Indemnity Insurance Financial Advisers Proposal

2. Of the business transacted in Q1, what proportion is invested using asset allocation tools into a platform or via a third party investment manager? %

Please identify the platform(s) and/or third party investment manager(s) utilised

3. Unregulated Collective Investment Schemes (UCIS)

- i. Has the firm ever promoted, recommended, advised or arranged a UCIS product for retail clients? Yes No
- ii. If 'Yes', were the exemptions applied correctly as stated in Section 238 of the FSMA and / or Section 4.12 of COBS? Yes No

4. Platforms

- i. Does the firm have a preferred Platform supplier? Yes No

If 'Yes', please confirm which

- ii. Excluding Fund Supermarkets, how many different platforms has the firm recommended to clients in the last 12 months?

- iii. Has the firm ever entered into an agreement involving the change of custodian of a product, and did this agreement confirm that the firm had discretionary powers? Yes No

5. Failed Banks / Suspended Funds

- i. Does the firm have any clients whose investment(s) (including those within their pension holdings) is in (are in) products where either the CounterParty, Product Provider, Bank, any other Financial Institution or Fund / Investment is Insolvent, has a known liquidity problem, has suspended income payments or has otherwise failed and/or is under investigation by any regulatory authority, including the Police and /or SFO? Yes No

If 'Yes', please complete the table on the following page:

Professional Indemnity Insurance Financial Advisers Proposal



SECTION 4: MORTGAGE BROKING QUESTIONNAIRE

For completion if directed to within Question 10c. of Section 1

1. Please complete the following:

Mortgage Type	Advice Provided within the last 6 years?	Percentage
a. Residential Mortgages (exc. Equity release / home reversion)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
i. Repayment %		
ii. Interest-only %		
b. Equity Release, Home Reversion etc	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
c. Sale and Leaseback Mortgages	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
d. Sub-Prime Mortgages	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
e. Self-certification Mortgages	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
f. Secured Loans	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
g. Buy-To-Let Mortgages	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
h. Commercial Mortgages (other than in g above)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
Total		100%

Is all commercial advice/sales detailed in 1h) above conducted in accordance with the NACFB regulations?

Yes No

2. In respect of Interest-Only mortgages, do you always ensure that the client is aware of the need for a re-payment vehicle and that this is always recorded in writing?

Yes No

3. If the Firm arranges, or has in the past arranged, self-certification mortgages:

a. Do you provide confirmation to the lender that an applicant's stated income is correct or that the loan is affordable?

Yes No

b. If 'Yes', is that always fully researched (if not, please provide full details)?

Yes No

Professional Indemnity Insurance Financial Advisers Proposal



SECTION 5: GENERAL INSURANCE BROKING QUESTIONNAIRE

For completion if directed by Question 10d. of Section 1

1. Please complete the following:

Insurance Type	Any Advice / Sales within the last 6 years?	Percentage of Income
a. Commercial non-marine	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
b. General/Personal Lines Insurances (excl Motor, non-marine & PPI)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
c. PPI (Regular Premium)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
d. PPI (Single Premium)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
e. Motor	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
f. Marine (please detail if other than private pleasure craft)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
g. Aviation (please detail)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
h. Reinsurance (please detail)	Yes <input type="checkbox"/> No <input type="checkbox"/>	%
Total		100%

2. Does the Firm operate an efficient renewal diary/monitor? Yes No

3. Do you hold any authority (other than for private motor, household and other similar cover-noted or "coupon" type business), which has been granted by any Insurance Company, Lloyds Underwriter or other Insurer or Reinsurer, where under such authority you have the power to bind the insurer without prior reference as to terms and/or cover? Yes No

Professional Indemnity Insurance Financial Advisers Proposal



4a. Please give details of the two largest material damage or (in relation to business premises) the material damage and business interruption combined exposure Sums Insured that the Firm places for Commercial Customers:

Client	Risk	Sum Insured

4b. Please give details of the two highest PL/Products or PI limits of indemnity that the Firm places for Commercial Customers:

Client	Risk	Limit of Indemnity

Professional Indemnity Insurance Financial Advisers Proposal



DECLARATION

I/we accept that completion of this proposal form does not bind the Proposer or Liberty Mutual Insurance Europe Limited to effect a contract of insurance.

I/we agree that, if an insurance policy or policies are issued, this proposal and any other information supplied prior to inception of the insurance policy shall form the basis of any contract of insurance effective hereon and shall be incorporated therein.

I/we hereby declare that I am authorised to complete this proposal on behalf of the Proposer, that the above statements and particulars are true and that full enquiry has been made to ensure their accuracy. I have not omitted, suppressed or misstated any material facts which may be relevant to underwriters' consideration of this proposal.

I/we undertake to inform Liberty Mutual Insurance Europe Limited of any material change to any fact contained herein that occurs prior to inception of the contract of insurance.

NAME:

DATE:

SIGNATURE:

POSITION:

IMPORTANT INFORMATION

Data Protection Act 1998

We may store your information on a computer and use it for administration, risk assessment, research and statistical purposes, marketing purposes and for crime prevention (see further details below). We will only disclose your personal details to third parties, if it is necessary for the performance of your contract with us.

In order to assess the terms of the insurance contract or administer claims which arise, we will need to collect data which the Data Protection Act defines as sensitive such as medical history or criminal convictions. By proceeding with this contract you will signify your consent to such information being processed by the Insurers or the agents.

We will keep your information secure at all times. In certain circumstances, for example for systems administration purposes, we may have to transfer your information to another country, which may be a country outside the European Economic Area (EEA). By proceeding with your insurance application, we will assume you are agreeable for us to transfer your information to a country outside the EEA.

Should you wish to receive a copy of the information we hold on you please contact:

The Compliance Department, Liberty Mutual Insurance Europe Limited,
3rd Floor, Two Minster Court, Mincing Lane, London, EC3R 7YE. DX 763 (London/City)
Tel: 020 7860 6600 Fax: 020 7860 6290

Your Insurer

This insurance will be underwritten by Liberty Mutual Insurance Europe Limited
Liberty International Underwriters is the trading name of Liberty Mutual Insurance Europe Limited;
a firm authorised and regulated by the Financial Services Authority (FSA number 202205)

Registered Office: 3rd Floor, Two Minster Court, Mincing Lane, London EC3R 7YE

Tel: 020 7860 6600 Fax: 020 7860 6290

Registered in England, Registration Number 1088268

PIFAPROP189-10-10