



Investment Management Insurance

PROPOSAL FORM

Important Notice

Claims-Made and Notified Insurance

This policy is issued by Alpha Insurance Limited on a claims-made and notified basis. This means that the policy only covers Claims (as defined) first made against you during the Policy Period (as defined) and notified to the insurer in writing during the Policy Period. The policy does not provide cover for any Claims made against you during the Policy Period if at any time prior to the commencement of the Policy Period you became aware of facts which might give rise to those Claims being made against you.

This policy contains a "Prior Claims/Circumstances" Exclusion for loss in connection with any claim:

- a) made prior to or pending at the inception of this policy; or
- b) arising out of, based upon or attributable to any circumstance that, as of the inception of this policy, may reasonably have been expected by any Insured to give rise to a Claim.

This policy does not provide cover for Claims arising from any Wrongful Acts which take place before the Retroactive Date

Your Duty of Disclosure

Before you enter into a contract of general insurance with an insurer, you have a duty 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 the insurance and, if so, upon 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.

However, your duty of disclosure does not require you to disclose matters:

- a) that diminish the risk to be undertaken by the insurer;
- b) that are of common knowledge;
- c) that your insurer knows, or in the ordinary course of its business, ought to know;
- d) as to which compliance with your duty of disclosure is waived by the insurer.

Your duty of disclosure continues after the proposal form has been completed up until the Policy Period commences.

Consequences of 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.

Subrogation

This policy contains provisions which have the effect of excluding or limiting the insurer's liability in respect of a loss where you have prejudiced the insurer's rights of subrogation where you are a party to an agreement which excludes or limits insurer's rights to recover the loss from another party. You are hereby notified of the effect of these provisions.

Details of Proposer

Name of Fund Manager to be insured: _____

If you intend to claim an Input Tax Credit for the premium paid for this policy, please specify the percentage of the premium you will be claiming: _____ %

Contact Name: _____

Contact email address: _____

Street Address: _____

Postal Address: _____

Suburb: _____ Province: _____

Telephone: _____ Facsimile: _____

Website: _____

During the past 3 years has there been, or is there now proposed:

- | | |
|---|----------|
| a) Any change in the name of the Fund Manager? | YES / NO |
| b) Any acquisition or merger involving the Fund Manager? | YES / NO |
| c) Any subsidiary company sold or ceased trading? | YES / NO |
| d) Any change in the capital structure of the Fund Manager? | YES / NO |

If the answer is "Yes" to any of the above, please give details (use a separate sheet of your letterhead if insufficient room below).

Is the Fund Manager:

- | | |
|---|----------|
| a) Listed on the Port Moresby Stock Exchange? | YES / NO |
| b) Listed on any foreign stock exchanges? | YES / NO |
| c) Listed on any unlisted securities market or exempt stock exchange? | YES / NO |
| d) Traded in any other way? | YES / NO |

If the answer is "Yes" to any of the above, please give details (use a separate sheet of your letterhead if insufficient room below).

In respect to the Fund Manager, please list:

- a) Total number of shareholders: _____
- b) Total number of shares issued: _____
- c) Total number of shares held by Directors and Officers: (both direct & beneficially) _____
- d) All holdings representing 10% or more of the Fund Manager's ordinary share capital:

Is the Fund Manager authorized under any government Act or statutory directive to conduct Managed Investment activities in Papua New Guinea or elsewhere? YES / NO

If 'Yes', with what authority:

Does the Fund Manager have a separate Compliance Committee set up? YES / NO

If 'Yes', please give details of the committee members:

Is coverage desired for any other entity or agent, for whom the Fund Manager would be legally responsible? YES / NO

If 'Yes', please state the entity and describe its functions/activities and its relationship to the Fund Manager.

Has the Fund Manager any of the following types of insurance currently in force:

Directors and Officers Liability? YES / NO

Professional Indemnity? YES / NO

If 'Yes', please attach full details including the percentage of total Fund assets under management.

Has the Fund Manager ever had any Insurer decline a proposal, impose special terms, cancelled or refused to renew any of the policies of the type detailed above? YES / NO

If 'Yes', please give details:

Do any of the Directors or Officers of the Fund Manager hold (at the specific request of the Fund Manager) any executive positions on unrelated entities? YES / NO

If 'Yes', please give details:

Details of Managed Investments

Please attach copies of the following to this Proposal Form:

- a) Latest audited annual report of the Fund Manager.
- b) Copy of any brochures or a sample contract offer to clients.
- c) Prospectus and audited report for each of the Funds.
- d) Copy of the Compliance Plan for each Fund.

Please complete the attached 'Schedule of Funds'.

Does the Fund Manager recommend/manage investments in "specialty areas" other than commonly traded securities? YES / NO

Please note that for the purpose of this question, "specialty areas" means commodity futures, real estate developments, options, private placements, unregistered securities, direct placements, oils and gas joint ventures, foreign securities, limited partnerships of any type).

If the answer to the above is "Yes", please attach full details including the percentage of total Fund assets under management.

Please state the following:

Annual fees for Managed Investment activities: _____

Any other income (please specify):

Does the Fund Manager act as an Investment Advisor in the USA or Canada or are they registered with the SEC under the Investment Advisors Act of 1940 or any similar legislation in the USA or Canada? YES / NO

If 'Yes', please give details:

Does the Fund Manager have procedures for decisions and executions when a portfolio manager is not available? YES / NO

If 'Yes', please briefly outline those procedures:

Describe how the Fund Manager protects itself from the liabilities of a previous investment adviser or fund manager which it succeeds:

Have there been any changes or modifications in the investment restrictions or limitations of any of the Funds during the last 2 years? YES / NO

If 'Yes', please give details:

Please state the firm that audits:

The Fund(s): _____

The Compliance Plan(s): _____

The Fund Manager: _____

Have all the criticisms / recommendations from the last review of the auditors outlined above been corrected/implemented? YES / NO

If 'No', please detail why:

Does the Fund Manager have an internal audit department? YES / NO

Does this department have an established audit cycle for all operations? YES / NO

Please state the number of employees of the Fund Manager: _____

When the Fund Manager recruits or promotes employees to positions of trust, do you:

a) undertake independent checks of their employment history? YES / NO

b) undergo a process to ensure their suitability for the position? YES / NO

Are wages/salaries independently checked against personnel records for unusual or excessive payments? YES / NO

Are duties segregated so that no individual can control any of the following activities from commencement to completion without referral to others:

a) Signing cheques or authorizing payments above K10,000? YES / NO

b) Issuing funds transfer instructions? YES / NO

c) Amending funds transfer procedures? YES / NO

d) Opening new bank accounts? YES / NO

e) Custody of securities and valuables? YES / NO

f) Refund of monies or return of goods above K10,000? YES / NO

g) Disbursement of assets of any superannuation scheme? YES / NO

Is all supporting documentation validated before authorizing payments? YES / NO

Are bank statements independently reconciled by persons not authorized to deposit/withdraw funds or to issue funds transfer instructions? YES / NO

Are agents and other service providers vetted for competency, financial stability and honesty before being approved? YES / NO

Are agents required to hold and maintain their own Professional Indemnity Insurance? YES / NO

If 'Yes', please specify minimum limits and conditions:

Are all agents and other service providers appointed under a written contract? YES / NO

Are unique passwords used to give various levels of entry to the computer depending on the users authorization and/or authority level? YES / NO

Are passwords automatically withdrawn when people leave? YES / NO

Are all amendments to programs approved independently of the persons making the amendments? YES / NO

Are programs protected to detect unauthorized changes? YES / NO

Is your computer system protected by virus detection and repair software? YES / NO

With respect to answers to the following questions 'funds transfer' means any instruction (other than cheques) given to a Financial Institutions to pay or deliver funds.

What is the approximate annual value of funds transfer? K _____

Please specify the method of instruction (eg written, electronic, telephone etc)

Is the Financial Institution required to authenticate the instruction before payment is released? YES / NO

Please provide a brief description of the methods used to secure funds transfers (eg passwords, encryption, code words etc)

Claims Information

Has the Fund Manager or any of its Directors, Officers or employees been involved in or have they knowledge of any fact or circumstances involving any civil or criminal actions or administrative proceedings with any violation of any laws regulating competition, fair trade laws, securities laws or regulations, copyright laws or patent laws which may give rise to a claim under the proposed policy?

YES / NO

Has the Fund Manager or any of its Directors, Officers or employees been involved in or have they knowledge of any fact or circumstances involving any representative actions, class actions or derivative suits which may give rise to a claim under the proposed policy?

YES / NO

Has the Fund Manager or any of its Directors, Officers or employees been involved in or have they any knowledge of any other fact or circumstance which might give rise to a Claim under this proposed policy?

YES / NO

Declaration

Please Note: Signing the Declaration does not bind the proposer or the Insurer to complete this insurance.

We declare that the statements and particulars in this proposal are true and that no material facts have been misstated or suppressed after enquiry. We agree that should any of the information given by us alter between the date of this proposal and the inception date of the insurance to which this proposal relates, we will give immediate notice thereof. We agree that this proposal, together with any other information supplied by us shall form the basis of any contract of insurance effected thereon.

We acknowledge receipt of the "Important Notice" contained in this proposal and that we have read and understood the content of that Notice.

(To be signed by the Chairman and an Executive Officer)

Name: _____

Title: _____

Signature: _____

Date: _____

Name: _____

Title: _____

Signature: _____

Date: _____