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Investment Services Insurance Solutions (ISIS) Venture Capital – Private Equity

ZURICH®

Directors and Officers Liability • Entity Securities • Professional Liability • Crime • Outside Directorship Liability

Proposal form

Instructions to applicant

Completing the Proposal Form

- Please note that this proposal form is being completed by the Applicant on behalf of all the Insureds to be covered and as defined in the Policy. The reference to Applicant means the Policyholder and Subsidiaries, as defined in the Policy.
- Please read the Important Notices.
- Please answer all questions. If you have insufficient space to complete an answer, attach a separate signed and dated sheet and identify the question number concerned.

Please enclose with this Proposal Form:

(a) Latest audited annual reports and interim reports of the Applicant;

(b) Latest prospectus or offering memorandum to members of each of the Funds;

(c) Latest investment performance information for each Fund and Mandate;

(d) Copy of standard client contract(s); and

(e) Organisational Chart.

Important Notices

Statutory notice – Section 40 Insurance Contracts Act 1984 (Cth.)

This notice is provided in connection with but does not form part of the policy.

This policy is a 'Claims Made' insurance policy. It only provides cover if:

A *claim* is made against an *insured*, by some other person, during the period when the policy is in force; and

The *claim* arises out of circumstances committed, attempted or alleged to have been committed or attempted after the Continuity Date stipulated in the *schedule*.

Section 40(3) of the Insurance Contracts Act 1984 (Cth) applies to this type of policy. That sub-section provides that if an insured becomes aware, during the period when the policy is in force, of any occurrence or fact which might give rise to a claim against them by some other person, then provided that the insured notifies Zurich of the matter before this policy expires, Zurich may not refuse to indemnify merely because a claim resulting from the matter is not made against the insured while the policy is in force.

If an *insured*, inadvertently or otherwise, does not notify the relevant occurrence or facts to Zurich before the expiry of the policy, the *insured* will not have the benefit of section 40(3) and Zurich may refuse to pay any subsequent *claim*, notwithstanding that the events giving rise to it or the circumstances alleged in it may have taken place during the *policy period*.

If a *claim* is actually made against the *insured* by some other person during the *policy period* but is not notified to Zurich until after the policy has expired, Zurich may refuse to pay or may reduce its payment under the policy if it has suffered any financial prejudice as a result of the late notification.

Privacy

Zurich is bound by the National Privacy Principles and the Privacy Act 1988 (Cth).

We may need to collect personal information ('Information') from you for the primary purpose of providing you with insurance products, services, administering the policy and processing and assessing claims.

If you do not to provide us with the Information, we may not be able to process your application or assess your claims. By providing us with your Information, you consent to us disclosing your Information to other insurers, our service providers, our business partners or as required by law.

For further information about Zurich's Privacy Policy, a list of service providers and business partners that we may disclose your Information to, or details of how you can access the Information we hold about you, please refer to the Privacy link on our homepage – www.zurich.com.au, contact us by telephone on 132 687 or email us at Privacy.Officer@zurich.com.au

ZU12091 - PCUS-003956-2010

Duty of Disclosure

Before you enter into a contract of general insurance with us, you have a duty under the Insurance Contracts Act 1984 (Cth) to disclose to us every matter you know, or could reasonably be expected to know, is relevant to our decision whether to insure you and, if so, on what terms. This applies to all persons to be covered under this contract of insurance.

You have the same duty to disclose those matters to us 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 insured;
- is of common knowledge;
- we know or in the ordinary course of our business we ought to know;
- we indicate to you that we do not want to know.

Non-disclosure or Misrepresentation

If you make a misrepresentation to us, or if you do not comply with your duty of disclosure and we issue your policy with terms and conditions that are different to the terms and conditions that would have been issued had there not been any misrepresentation, or your duty of disclosure had been complied with, then:

- we may reduce the cover provided so that we are placed in the same position as we would have been in, had there not been any misrepresentation and your duty of disclosure had been complied with; and
- we may also cancel your policy; or
- we may treat your policy as if it never existed if the misrepresentation or your non-compliance with your duty of disclosure was fraudulent.

1 Applicant details

1. Name of applicant

2. Principal address

3. Web address

4. Date established

5. Nature of the business of the applicant

6. Is the applicant licensed by any regulatory authority? Yes ◯ No ◯ If 'Yes', please list the regulatory authorities

2 Ownership

1. Is the applicant

   (a) Listed on any stock exchange? Yes ◯ No ◯

   (b) Listed on any unlisted securities market or exempt exchange? Yes ◯ No ◯

   (c) Traded in any other way? Yes ◯ No ◯

   If 'Yes', please provide full details: stock code; what exchange they are listed on; and type of security traded on that exchange

2. Please detail any shareholder or associated group of shareholders who own or control, directly or indirectly, more than 10% of the ordinary share capital of the applicant

3 Information relating to Investment managers and/or Investment structures

1. Please complete the attached Schedule of Investment structures on page 8.

2. Is the Applicant or any individual proposed for coverage aware of any actual (last 12 months) or future acquisition, creation or incorporation of a new Fund: Yes ◯ No ◯

   If 'Yes', please list any Funds:

   (a) that are regulated by the U.S. Securities and Exchange Commission

   .....

   .....

   (b) whose investment strategies are materially different in their nature to those of the existing Funds

   .....

   .....

4 Service providers/agents

Please provide the list of the Applicant's service providers or agents based on the following functions

	Name of service provider / agent
Fund Management	
Trustee / Responsible Entity	
Custody	
Administration	
Legal	
Audit	
Other	

5 Outside directorship cover

Note

Outside Directorship means the position of director or officer held by any proposed insured person in an Outside Organisation at the request of the Applicant. An Outside Organisation is a company which is not a subsidiary of the Applicant and in which the Applicant holds up to 50% of the issued and outstanding voting shares or is a not for profit entity.

The cover afforded will be excess of any indemnity provided by the Outside Organisation and in excess of any cover provided under the Outside Organisation's insurance policy or policies.

1. Are there any directors, officers or employees that hold an Outside Directorship position in an Outside Organisation? Yes ◯ No ◯

   If 'Yes', please complete the following for each Outside Directorship

   (a) Does any Outside Organisation have any securities listed or traded on any exchange in the United States of America or its Territories?

   Yes ◯ No ◯ If 'Yes', please provide details

   .....

   .....

   (b) Does any Outside Organisation have total liabilities exceeding total assets (other than Non Profit Organisations)?

   Yes ◯ No ◯ If 'Yes', please provide details

   .....

   .....

   (c) Does the Outside Organisation derive more than 20% of its revenue from investment banking, hedge funds or private equity Investments?

   Yes ◯ No ◯ If 'Yes', please provide details

   .....

   .....

2. Are any of the Outside Organisations or its directors and officers aware of any claim or circumstances that could give rise to a claim relating to the Outside Organisation? Yes ◯ No ◯

   If 'Yes', please provide full details separately.

6 Internal controls and procedures

1. In respect to the transfer of funds or property to another organisation

   (a) Please describe the method of instruction, for example, written, telephone, electronic, etc:

   (b) Are these instructions tested or subject to a call back procedure to an authorised person other than the individual initiating the transfer?

   Yes ◯ No ◯ If 'No', please provide details

2. Does the Applicant conduct an independent check of the employment history of any new employees prior to being recruited? Yes ◯ No ◯

3. Are duties segregated so that no individual can complete an activity from the beginning to the completion of the task without referral to another in respect of:

   (a) Opening new bank accounts Yes ◯ No ◯

   (b) Disbursement of assets Yes ◯ No ◯

   (c) Signing cheques or authorising payments greater than $10,000 Yes ◯ No ◯

   (d) Custody of securities Yes ◯ No ◯

   If 'No', please provide details as to alternative arrangements

7 External audits

1. State the name of the external auditors who fully audit your accounts, and whether the firm has changed in the last five years

2. How often are full external audits conducted?

3. Does the audit include all offices and branches, including data processing offices? Yes ◯ No ◯

4. Does the external auditor:

   (a) Regularly review the system of internal control and furnish written reports? Yes ◯ No ◯

   (b) Report directly to the Audit Committee of the Board of Directors? Yes ◯ No ◯

5. Has the firm rendered an unqualified opinion for each of the last five years? Yes ◯ No ◯

   (a) Have all recommendations been complied with as a result of the most recent audit? Yes ◯ No ◯

   If 'No', have you adopted alternative arrangements to the satisfaction of your auditor? Yes ◯ No ◯

8 Securities Entity Cover

Coverage is afforded under this extension to the Applicant for claims made against the entity arising out of the sale or purchase of the Applicant's securities.

Would you like Zurich to provide a quotation for this extension to the policy? Yes ◯ No ◯

9 Insurance details

1. Does the Applicant currently purchase Investment Management Insurance? Yes ◯ No ◯

   If 'Yes', please provide the following information:

   (a) Insurer

   (b) Limit of Liability

   (c) Deductible

   (d) Expiry date

2. What coverage is now required:

   Directors and Officers Liability Yes ◯ No ◯ Professional Indemnity Yes ◯ No ◯ Crime Yes ◯ No ◯

   Securities Entity Yes ◯ No ◯ Outside Directorship Yes ◯ No ◯

3. What Limit of Liability is required for each section?

   Directors and Officers Liability

   Professional Indemnity

   Crime

   Security Entity

   Outside Directorship

   What Aggregate Limit of Liability is required for each Policy Period?

   What Deductible is required?

10 Venture Capital and Private Equity Investment structures

1. Type investment structure

   Venture Capital Yes ◯ No ◯ Private Equity Yes ◯ No ◯

2. Legal form/structure of the investment structure. Under which legal form/structure has the investment structure been created?

3. Stage of investment

   Seed capital Yes ◯ No ◯ Early to mid stage Yes ◯ No ◯ Late stage Yes ◯ No ◯

4. Investment strategy

   Preferred investment strategy

   Lead investor Yes ◯ No ◯ Follow investor Yes ◯ No ◯

   Preferred deal partners

   Name Country

   Name Country

   Name Country

   Name Country

5. Investors profile

   Type

   Private investors Yes ◯ No ◯ Institutional investor Yes ◯ No ◯

   Minimum Investment

   Minimum initial investment $

   Minimum follow up investment $

   Geographical restrictions for investors

   Home country Yes ◯ No ◯ Continental Europe Yes ◯ No ◯ UK/Ireland Yes ◯ No ◯

   North America Yes ◯ No ◯ South America Yes ◯ No ◯ Asia Yes ◯ No ◯

   Australia Yes ◯ No ◯ New Zealand Yes ◯ No ◯

10 Venture Capital and Private Equity Investment structures (continued)

6. Portfolio companies

   Please complete the attached portfolio company schedule on page 9

7. Services provided to the portfolio companies

   Does the policyholder or any other insured entity render other services to the portfolio companies? Yes ◯ No ◯

   Type service Fee

   $

   $

   $

   Does the policyholder use a separate written contract for the rendering of such additional services? Yes ◯ No ◯

8. Exit strategy

   What is the preferred exit moment?

   Pre-IPO Yes ◯ No ◯

   IPO Yes ◯ No ◯

   SPO Yes ◯ No ◯

   Others Yes ◯ No ◯

   Does the applicant exit the board as soon an investment is realised? Yes ◯ No ◯

9. Parallel Investments by the fund management

   Does the management make parallel investments? Yes ◯ No ◯

   If 'Yes', please indicate the % of such investments vs. total fund assets %

10. Additional information

    Please add the following documents:

    Most recent annual accounts of each portfolio company

11 GST and Stamp duty

1. What is the Applicant's Australian Business Number?

2. Does the Applicant intend to claim an Input Tax Credit for the premium of the proposed policy if provided? Yes ◯ No ◯
   If 'Yes', to what extent is an Input Tax Credit being claimed? (e.g. answer – full claim or %)

3. For the purpose of calculating the stamp duty and GST charges, please provide a breakdown of the number of employees of the Applicant based in each of the following locations

NSW	VIC	QLD	SA	WA
TAS	NT	ACT	OVERSEAS	TOTAL

12 Claims/Circumstances

1. Have any claims ever been made against the Applicant or any past or present director, officer or employee of the Applicant? Yes ◯ No ◯
2. Is the Applicant, or any director, officer or employee aware, after enquiry, of any fact, circumstance, act or omission which may give rise to a claim? Yes ◯ No ◯
3. Has any past or present director or officer of the Applicant ever been declared bankrupt, had any fine or penalty imposed or been subject to any official investigation, inquiry or examination in such capacity? Yes ◯ No ◯
4. Has there ever been, or is there currently pending, any prosecution of the Applicant, or any director, officer or employee of the Applicant? Yes ◯ No ◯
5. Has the Applicant, or any director, officer or employee of the Applicant, ever had an insurer decline a proposal for, or cancel or refuse to renew, an Investment Management Insurance policy, Directors & Officers Liability Insurance policy, Professional Indemnity Insurance policy, or Crime Insurance policy, or had any special terms or conditions imposed? Yes ◯ No ◯
6. Have any losses been paid on behalf of the Applicant or any past or present director, officer or employee of the Applicant, under any Investment Management Insurance policy, Directors & Officers Liability Insurance policy, Professional Indemnity Insurance policy, or Crime Insurance policy? Yes ◯ No ◯

NOTE: if you answer YES to any of the above questions, please provide full details separately.

13 Declaration

We (the undersigned):

(a) acknowledge that we have read and understand the Important Notices contained in this proposal;

(b) agree that this proposal, together with any other information or documents supplied, shall form the basis of any resulting contract of insurance;

(c) acknowledge that if this application is accepted, the contract of insurance will be subject to the terms and conditions as set out in the policy wording as issued or as otherwise specifically varied in writing by Zurich;

(d) declare after enquiry that the statements, particulars and information contained in this application and in any documents accompanying this application are true and correct in every detail and that no other material facts have been misstated, suppressed or omitted;

(e) undertake to inform Zurich of any material alteration to those facts before completion of the contract of insurance.

Name of Chairperson .....

Signature of Chairperson	Date
✗	/ /

Name of Managing Director/Chief Executive Officer .....

Signature of Managing Director/Chief Executive Officer	Date
✗	/ /

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Schedule of proposed Investment structures to be insured

(Question 3)

Name of Fund / Mandate	Listed / Unlisted	Domicile	Total Assets or Funds Under Management $'000		Maximum Leverage Permitted	Nature of Fund Investments	Minimum Investment $000	Net Fund Flows in the Last Year $'000
			This year	Last Year	% of Net Asset Value			

Schedule of Portfolio Companies (Venture Capital / Private Equity)

(Question 10)

									Audited financial information at most recent fiscal year end			
Name of Portfolio Companies	**Date created or acquired**	**Total amount invested**	**Current fair market value**	**Percent of ownership**	**Nature of business**	**State or country of principal operations**	**Number of board seats**	**Publicly traded Yes or No**	**Total revenues in millions**	**Total assets in millions**	**Total debt in millions**	**Net income in millions**