PROFESSIONAL INDEMNITY INSURANCE GUIDELINES
FOR ‘B’ or ‘C’ CLASS FINANCE BROKERS

Minimum requirements issued by
the Commissioner for Consumer Protection (‘the Commissioner’)

1. SCOPE OF COVER:
1.1 Cover (with a minimum limit of indemnity of $1 million) for all professional services the Insured is authorised to provide under their restricted (‘B’ or ‘C’ Class) finance brokers licence;
1.2 Automatic cover during the period of insurance for any amendments made by the Commissioner to the licence of the ‘B’ or ‘C’ Class finance broker;

Please note:
A definition of Professional Services that limits the cover to mortgage origination and/or mortgage broking is not acceptable. The definition must state that the policy covers all finance broking advice and services that the Insured is authorised to provide under the restricted (‘B’ or ‘C’ Class) finance brokers licence.

If the Commissioner alters the restricted finance brokers licence during the Policy Period then the policy must automatically cover any amendments to the licence. This can be achieved under the policy by defining the restricted finance brokers licence as “a restricted licence issued by the Commissioner.”

1.3 Cover for breach of professional duty arising under Statute/Tort or Contract

With respect to contractual liability the policy can exclude those liabilities specifically assumed by the Insured under contract. eg: holding harmless agreements, warranties or the like

1.4 Twelve (12) month Discovery Period (automatic run-off cover) from the date of expiry of the finance brokers licence;
1.5 Unlimited retroactive date cover or cover from the date of issue of the licence;
1.6 Cover for awards up to $100,000 for any Australian Securities and Investments Commission (‘ASIC’) approved alternative dispute resolution service. The limit of $100,000 may include legal costs and expenses;

An extension that limits cover to one particular ASIC approved award service (e.g. the Credit Ombudsman Service Limited) is not acceptable. It must be any ASIC approved alternative dispute resolution service.

1.7 Three (3) year run-off coverage purchase option of the Commissioner

2. INTERESTED PARTY NOTICE

2.1 The Commissioner must be endorsed on the policy as an interested party with respect to the following matters:
   • The Insurer/Insurance Broker agrees to inform the Commissioner in the event that any of the following events occur:
     a) cancellation and/or lapse of the Insured’s professional indemnity policy by the Insured or the Insurer; and/or
     b) non-renewal of the Insured’s professional indemnity policy; and/or
     c) a claim made by the Insured under the policy.
   • the Insured ceasing to be licensed as a finance broker
• the Commissioner may, as an Interested Party, effect a run-off coverage policy on the Insured’s behalf.

2.2 If an Insurer has issued a bond and the term of the bond does not correspond with the currency of the licence, then the requirements under the Interested Party notice must include a provision requiring the Insurer to notify the Commissioner in the event that the bond is not renewed or is cancelled.

3. POLICY EXCLUSIONS

Any exclusion on the policy must not, in any way, negate the intention of the scope of cover specified by the Commissioner. Specifically, the policy wording must not contain any policy exclusions in relation to any claim which relates to any of the following matters:

i. The Performance of an investment;
ii. Mortgage management;
iii. The finance broker recommending clients to a valuer;
iv. Any insurance matter;
v. Managed investment schemes;
vi. A failure to provide pre-contractual or information statements to a client;
vii. Any advice or service which breaches the Consumer Credit Code; or
viii. Claims by a principal against the Insured

4. POLICY EXTENSIONS

The policy must provide the following extensions:

i. Dishonesty of employees (to the full policy limit);
ii. Continuity of coverage;
iii. Loss of documents;
iv. Costs of inquiry ($100,000);
v. Libel and slander;
vi. Cover for past, present and future employees; and
PROFESSIONAL INDEMNITY INSURANCE CERTIFICATE OF CURRENCY
(‘B’ & ‘C’ CLASS LICENSEES)

The following certificate of currency is provided in the format required by the Commissioner for Consumer Protection (‘the Commissioner’) and confirms that the requirements of the Commissioner’s professional indemnity insurance policy have been met for:

| NAME OF INSURED: |  |
| PERIOD OF INSURANCE: | From: | To: |
| LIMIT OF INDEMNITY: | $ |  |
| EXCESS: | $ |  |
| INSURER NAME: |  |
| INSURER ADDRESS: |  |
| POLICY NUMBER: |  |
| NAME OF PLACING BROKER: |  |
| RETROACTIVE DATE: |  |

BOND ISSUED: YES / NO (If “Yes” see below)

In addition to the professional indemnity insurance policy, the Insured also maintains a bond in the amount of $_____________. This bond is current and remains effective to ___/___/_____ (date).

COVERAGE:

The following are the minimum coverage requirements required by the Commissioner.

<table>
<thead>
<tr>
<th>COVERED</th>
<th>YES / NO</th>
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<tbody>
<tr>
<td>i. Full cover for all restricted finance broking activities</td>
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<tr>
<td>ii Automatic cover for any amendments made by the Commissioner to the restricted licence during the period of insurance.</td>
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<td>iii. Indemnity for breach of professional duty in Tort/Statute/Contract</td>
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<td>iv. Automatic 12 Month Discovery Period (Run off cover)</td>
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</table>
v. Unlimited retroactive date cover or cover from the date of issue of the licence.

vi. Cover for awards up to $100,000 any ASIC approved alternative dispute resolution service

vii. Run off coverage and purchase option of Commissioner (up to 3 years)

**POLICY EXCLUSIONS:**
Are there any exclusions on the policy wording for any of the following: YES / NO

i. Performance of an Investment?

ii. Mortgage Management?

iii. The Insured recommending clients to a valuer?

iv. Any insurance matter?

v. Managed investment schemes?

vi. Any failure to provide pre-contractual or information statements to a client?

vii. Any exclusion for breaching the Consumer Credit code?

viii. Claims by a Principal against the Insured?

**POLICY EXTENSIONS:**
Does the Policy extend to include all of the following: YES / NO

i. Dishonesty of Employees?

ii. Continuity of Coverage?

iii. Loss of documents?

iv. Costs of Inquiry ($100,000)

v. Libel and slander?

vi. Past, present and future employees?

vii. Acts of Consultants/sub-consultants/contractors?
INTERESTED PARTY NOTICE:

It is hereby declared and agreed that the Commissioner is noted as an Interested Party with respect to the following matters:

- The Insurer/Insurance Broker agrees to inform the Commissioner in the event that any of the following events occur:
  1. Cancellation and/or lapse of the Insured’s policy by either the Insurer or the Insured;
  2. Non-renewal of the Insured’s policy;
  3. A claim made by the Insured under the Policy;
  4. Cancellation and/or lapse of the Insured’s Bond by either the Insurer or the Insured (where a Bond has been issued); and/or
  5. Non-renewal of the Insured’s Bond (where a Bond has been issued).

- The Insured ceasing to be licensed as finance broker.

- The Commissioner may, as an Interested Party, effect a run-off policy on the Insured’s behalf.

I hereby declare and certify that the above information contained in this Certificate of Currency is True and Correct:

SIGNATURE: ________________________________

NAME OF SIGNATORY: ________________________________

TITLE: ________________________________

NAME OF PLACING BROKER: ________________________________

DATE: ________________