DETAILS OF PROFESSIONAL INDEMNITY ("PI") INSURANCE AND FIDELITY INSURANCE COVER

For the purpose of producing evidence to ASIC that I have taken out adequate and appropriate PI insurance; and adequate and appropriate fidelity insurance against the liabilities that I may incur working as a registered liquidator, by signing and dating the last page of this form, I:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of liquidator / applicant

of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Firm Name

declare that, the information provided by me in this form accurately reflects the terms of the PI and fidelity insurance policies insuring me, and the certificate(s) of currency annexed to or provided to ASIC with this form.

**Insurer's details**

1. What is the name of your insurer? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Is the insurer regulated by the Australian Prudential Regulation Authority under the Insurance Act 1973? [ ]  *Yes* [ ]  *No*

 If 'No', is the insurer operating under an exemption from the need to be authorised under the Insurance Act 1973? [ ]  *Yes* [ ]  *No*

**Note: If APRA does not regulate the insurer and the insurance contract is not exempt, please provide details of the relationship you/your firm has to the insurer, the domicile of the insurer and under what capacity the insurer is able to provide your insurance. (Please attach full details when submitting this form.)**

**Summary of policy and scope**

1. Does the insurance policy insure you (and your firm) against claims relating to all services you wish to provide in the course of your business in connection with liabilities that you may incur working as a registered liquidator? [ ]  *Yes* [ ]  *No*
2. What is the period of the PI / Fidelity policy? From \_\_\_\_\_\_\_\_\_\_\_\_ *to* \_\_\_\_\_\_\_\_\_\_\_\_
3. What best describes the coverage of your insurance? [ ]  individual cover [ ]  firm/group cover
4. Is your fidelity insurance cover provided:

[ ]  as a stand-alone fidelity or crime insurance policy;

 [ ]  as a fidelity cover extension or sub-limit to the PI policy;

 [ ]  in the Fraud and Dishonesty Section of the PI policy, which specifically includes (or does not exclude) claims involving money/currency and other assets of Third Parties

1. Does your PI and fidelity insurance provide automatic run-off cover in the event of insolvency or external administration of you or your firm for a minimum of one year following the expiry of the policy period? [ ]  *Yes* [ ]  *No*

 **Note: Such automatic cover provision should not include subjectivities, caveats or consideration of additional premium needing to be paid to provide this run-off.**

1. Does the PI insurance policy provide retroactive cover? [ ]  *Yes* [ ]  *No*

 If yes,

shown as “unlimited” [ ]

or what is the retroactive date? \_\_\_\_\_\_\_\_\_\_\_\_

1. Continuous cover &/or Extended Continuous Cover
	1. Does the PI insurance policy provide Continuous cover? [ ]  *Yes - For what period or from what Date?\_\_\_\_\_\_\_\_\_* [ ]  *No*
	2. Does the PI insurance policy provide Extended Continuous cover? [ ]  *Yes - For what period or from what Date?\_\_\_\_\_\_\_\_\_* [ ]  *No*
	3. Have you changed the insurer of the PI policy at any time over the past 7 years? [ ]  *Yes* [ ]  *No*
	4. Over the past 7 years, have you had any period where no PI cover was in effect? [ ]  *Yes - For what period?\_\_\_\_\_\_\_\_\_* [ ]  *No*

**Note about Continuous cover &/or Extended Continuous cover: As PI insurance cover is typically written on a “Claims Made & Notified” basis, Policies may provide a continued cover extension to allow known past period claims (or circumstance which may reasonably lead to a claim) to be reported in subsequent policy periods. Typically Continuous cover will be limited to scenarios where you have maintained cover each year with the same insurer, whereas typically Extended Continuity cover will allow for scenarios where you may have changed insurer from one period to the next – in both formats it is imperative that you have not allowed any gap period to occur and that each new policy period is effected in series immediately post the last policy period.**

1. Is the insurance contract cancellable by the insurer prior to the end of the period of insurance for innocent non-disclosure or

misrepresentation, or by the insured at all? [ ]  *Yes* [ ]  *No*

**Limit of Indemnity**

1. Are you eligible to be covered by a relevant limitation of liability scheme approved under the professional standards legislation? [ ]  *Yes* [ ]  *No*

If yes, please indicate which scheme:

a) Chartered Accountants Australia and New Zealand [ ]

b) CPA Australia [ ]

c) Other – please specify [ ]

**Note: You should ensure that the approved scheme operated at all times during the period of cover. If it did not, or you are not eligible for cover under an approved scheme, you should consider whether the minimum amount calculated by reference to Appendix 1 of RG 258 is adequate cover against the liabilities you may incur working as a registered liquidator**

1. What is the PI policy limit of indemnity, and if different, what is the Fidelity limit/sub-limit :

PI insurance? $\_\_\_\_\_\_\_\_\_\_\_\_

 (which may be expressed as "Limit for any one claim" on your Policy Schedule)

 Fidelity insurance? $\_\_\_\_\_\_\_\_\_\_\_\_

 (which may be expressed as a "sub-limit" on your Policy Schedule)

1. Does your Policy have either an aggregate limit greater than the limit of indemnity, or reinstatements of the limit of indemnity, for the below section of cover?

|  |  |
| --- | --- |
| PI insurance limit | [ ]  Has aggregate limit of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
|  | [ ]  Has no aggregate limit expressed (or is Unlimited)[ ]  Has how many reinstatements? Number \_\_\_\_\_\_\_\_\_\_ |
| Fidelity insurance | [ ]  Has aggregate limit of $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| (may be expressed as 'sub-limit') | [ ]  Has no aggregate limit expressed (or is Unlimited)[ ]  Has how many reinstatements? Number \_\_\_\_\_\_\_\_\_\_ |

**Note: To be adequate, your insurance policy should provide for at least one automatic reinstatement of the limit of indemnity. As an alternative, the insurance policy should have an aggregate limit of indemnity at least twice the minimum limit of indemnity**

**How you determined your minimum limit of indemnity for the PI insurance cover**

**Note: The following examples are drawn from known formats as issued by bodies that issue Public Practicing Certificates for Accountancy.**

Example 1:

Do you use the estimated administration fee method set out in Appendix 1 of RG 258 to determine adequacy of the minimum insured amounts for PI insurance cover? [ ]  *Yes* [ ]  *No*

If yes, which criteria below does your firm meet?

|  |  |
| --- | --- |
| **Administration fee**  | **Minimum insured amount**  |
| [ ]  Fee is estimated to be less than $100,000  | $2 million  |
| [ ]  Fee is estimated to be $100,000 or more but less than $300,000  | $5 million  |
| [ ]  Fee is estimated to be $300,000 or more but less than $500,000  | $10 million  |
| [ ]  Fee is estimated to be $500,000 or more  | $20 million  |

**Note: The relevant fee is the highest fee for an insolvency service provided in any single financial year of the three prior years.**

Example 2:

Do you use the annual fee income method set out in Appendix 1 of RG 258 to determine adequacy of the minimum insured limit of indemnity for PI insurance cover? [ ]  *Yes* [ ]  *No*

If yes, which criteria below does your firm meet?

|  |  |
| --- | --- |
| **Applicants**  | **Minimum insured amount**  |
| ☐ 1. Applicants who were in an accounting practice that provided insolvency and corporate reconstruction services with an annual gross income of less than $10 million.  | $2 million  |
| ☐2. Applicants who were in an accounting practice that provided insolvency and corporate reconstruction services with an annual gross income between $10 million and $20 million. | $10 million  |
| ☐3. Applicants who were in an accounting practice that provided insolvency and corporate reconstruction services with an annual gross income of more than $20 million. | $20 million Note: If the Practice provides a combination of services (e.g. Audit and Insolvency services), the higher Professional Indemnity Insurance is applicable |

1. Has the amount of fidelity insurance cover you have affected been determined after careful consideration of the liabilities that might reasonably be expected to arise from fraud and dishonesty claims having regard to the factors set out in Table 11 of RG 258? [ ]  Y*es* [ ]  *No*

**Excesses or deductibles**

1. What are the excesses/deductibles on your insurance? PI Insurance $\_\_\_\_\_\_\_\_\_\_\_\_

 Fidelity insurance $\_\_\_\_\_\_\_\_\_\_\_\_

1. Can you / your firm confidently sustain these excesses / deductibles as an uninsured loss? [ ]  *Yes* [ ]  *No*
2. Provide the dollar sum derived from the greater of the following calculations:

**A.** Whichever is the greater of -

* 1. the amount calculated by multiplying the number of principals, partners, directors or officers of the firm and its related entities as at the beginning
	of the period of insurance by $10,000 for each and every claim

or

* 1. 3% of the total gross fee income of you, your firm and any related entities for the financial year immediately preceding the beginning of the period
	 of insurance. $\_\_\_\_\_\_\_\_\_\_\_\_

 and:

**B.** 5% of the limit of indemnity under the PI insurance policy $\_\_\_\_\_\_\_\_\_\_\_\_

**Note: the PI insurance policy's excess or deductible for each claim should not exceed either of the amounts expressed in A or B above.**

**Defence costs**

1. How are defence costs covered by the PI insurance policy:

 [ ]  in addition to the limit of indemnity; or

 [ ]  'costs-inclusive' (ie. covered within the policy limit)?

 **[Note: if the PI insurance policy is costs-inclusive, your limit of indemnity for any one claim will need to be at least 25% higher than the minimum required.]**

 If defence costs are in addition to the limit of indemnity, how will the limit available for defence costs be calculated? \_\_\_\_\_\_\_\_\_\_\_\_

**Note: You need to quote or provide a copy of the relevant section of your policy document**

**Exclusions**

1. Does the policy have the following exclusions?
2. your appointment as an officer of an insolvent or failing company by virtue of becoming the external administrator or receiver or receiver and manager of the company [ ]  *Yes* [ ]  *No*
3. claims against you as one particular type of external administrator (e.g. as creditors’ voluntary liquidator) [ ]  *Yes* [ ]  *No*

or

1. breaches of obligations (by you, your employees or partners, or your firm’s employees, directors, officers, partners, agents, consultants or subcontractors) while providing services in connection with the external administration of companies, acting as receiver or as receiver and manager, for which you or your firm are legally responsible. [ ]  *Yes* [ ]  *No*

**Other considerations**

1. Is your firm a new firm formed by the merger of two (or more) firms or by the acquisition of one (or more) firm by another? [ ]  *Yes* [ ]  *No*

If yes, and the PI and fidelity insurance of the new firm is on a 'claim made and notified' basis, do you have cover against civil liability claims
arising from work performed in the predecessor businesses for a period until the expiration of the relevant statutory limitation periods? [ ]  *Yes* [ ]  *No*

1. Has a registered liquidator left your firm for any reason other than that person's insolvency? [ ]  *Yes* [ ]  *No*

If yes, do you have PI and fidelity insurance cover for civil liability claims against that registered liquidator who has left the firm? [ ]  *Yes* [ ]  *No*

1. If you have left a firm (previous firm), do you have adequate PI and fidelity insurance to cover the ongoing risk of claims arising from your
conduct at that previous firm? [ ]  *Yes* [ ]  *No* [ ]  *N/A*

If yes, is this cover -

1. by way of your previous firm's cover continuing to extend against your prior risk, or [ ]  *Yes* [ ]  *No*
2. by way of new cover you have effected for your retroactive risk period (7 years), or [ ]  *Yes* [ ]  *No*
3. by way of new cover provided by a new firm you have commenced with for your retroactive risk period (7 years)? [ ]  *Yes* [ ]  *No*
4. Are you a sole practitioner who has retired or ceased to practise as a registered liquidator? [ ]  *Yes* [ ]  *No*

If yes, do you have run-off cover / extended notification on the PI and fidelity insurance?

(State period of run-off cover / extended notification period : \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

I have read and understand the terms, limitations and exclusions of the PI and fidelity insurance policies to which this form relates.

I consider the cover offered by those policies is adequate and appropriate against the liabilities I may incur working as a registered liquidator.

The certificate(s) of currency for the PI and fidelity insurance to which this form relates is attached to, or provided to ASIC with, this form.

Signed \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of liquidator / applicant \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_