



ACE elite fraudProtector Insurance Proposal Form

IMPORTANT NOTICES TO THE APPLICANT

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 reasonable be expected to know, is relevant to the Insurer's decision whether to accept the risk of the insurance and, if so, on 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.

Your duty however does not require disclosure of any matter:

- that diminishes the risk to be undertaken by the Insurer;
- that is of common knowledge;
- that your Insurer knows or, in the ordinary course of its business, ought to know;
- as to which compliance with your duty is waived by the Insurer.

It is important that all information contained in this proposal is understood by you and is correct, as you will be bound by your answers and by the information provided by you in this proposal. You should obtain advice before you sign this proposal if you do not properly understand any part of it.

Your duty of disclosure continues after the proposal has been completed up until the contract of insurance is entered into.

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.

Claims Made Contract

Subject to its terms and conditions the Policy will cover your loss for any claim:

- first made by you during the Policy Period;
- resulting from any circumstance of which you become aware during the Policy Period which could give rise to a future claim by you, provided you immediately inform us in writing of such circumstances within the Policy Period.



ace insurance

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Change of Risk or Circumstances

You should advise the Insurer as soon as practicable of any change to your normal business as disclosed in the Proposal, such as changes in location, acquisitions and new overseas activities.

Subrogation

Where you have agreed with another person or company, who would otherwise be liable to compensate you for any loss or damage which is covered by the Policy, that you will not seek to recover such loss or damage from that person, the Insurer will not cover you, to the extent permitted by law, for such loss or damage.



INSTRUCTIONS TO THE PROPOSER

Before completing this proposal please read the Important Notices starting on page 1.

1. Please type or print answers clearly.
2. Answer all questions completely, leaving no blanks. If any questions, or part thereof, do not apply, type or print 'N/A in the space.
3. Provide any supporting information on a separate sheet using your Company's letterhead and reference the applicable question number.
4. Check Yes or No answers.
5. This form must be completed, dated and signed by two authorized officers of your Company.

Please enclose copies of the following with this proposal:

- A. Company brochure.
- B. Latest audited financial statements for the Company.

General Details

1. Name of Company _____
2. Principal Address _____
3. Annual Turnover at Last Year End _____
4. Number of Locations _____
5. Number of Employees _____

(Please provide the Employees breakdown by location if the answer to Question 4 above is more than 1.)

6. Describe the type of business in which the company is engaged. In the case of multiple occupations please provide a split by revenue.



Audit & Corporate Governance

7. Do external auditors audit all operations at least annually? Yes No
8. (a) Have all recommendations by external auditors regarding internal controls been compiled with following your last audit? Yes No

(b) If "NO", please provide details.

9. Is there an Audit Committee which monitors the effectiveness of internal controls and reports directly to the Board? Yes No
10. (a) Do you have an Internal Audit Department? Yes No
- (b) Do they have an established audit cycle for all operations? Yes No

Recruitment Procedures

11. When recruiting or promoting employees to positions of trust involving handling of stock, money, financial or treasury functions, do you:
- (a) undertake independent checks into their employment history? Yes No
- (b) undergo a process to ensure their suitability for the position? Yes No

Internal Financial Controls

12. Are wages/salaries independently checked against personnel records for unusual or excessive payments? Yes No
13. 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 authorising payments (including capital expenditure) above HKD50,000? Yes No
- (b) issuing funds transfer instructions? Yes No
- (c) amending funds transfer procedures? Yes No
- (d) opening new accounts? Yes No
- (e) investment in and custody of securities and valuables (including bank cheques, travellers cheques, bills of exchange etc.) Yes No



- (f) refund monies or return goods above HKD50,000? Yes No
- (g) disbursement of assets or funds of any Pension Plan? Yes No
- (h) awarding contracts following a tender? Yes No
14. Are all supporting documents validated before authorising payments? Yes No
15. Are statements of accounts sent to customers independently of employees receiving statements? Yes No
16. Are bank statements independently reconciled with customer accounts by persons not authorised to deposit/withdraw funds, issue funds transfer instructions or dispatch accounts to customers? Yes No

Stock & Physical Security

17. Is there controlled access to all locations? Yes No
18. Are all premises containing stock, money, securities, precious metals etc. connected to an intruder alarm? Yes No
19. Are intruder alarms maintained in proper working order and connected to a central station or a police station? Yes No
20. Is an independent physical count of stock, raw materials, work in progress and finished goods undertaken and is this count reconciled against stock levels
How frequently? _____
21. Above what value is the transfer of money and securities usually made by a security or professional cash carrying company? HKD _____
22. What is the maximum value of money, securities, precious metals and/or jewellery at any one location:
- (a) during business hours? HKD _____
- (b) outside business hours? HKD _____

Suppliers/Outsourcing Service Providers

23. Do you maintain an approved suppliers list? Yes No
24. Are suppliers, service providers and outsourcing companies vetted for competency, financial stability and honesty before being approved? Yes No



25. Are all suppliers, service providers and outsourcing companies appointed under written contract? Yes No

26. Are procedures in place to assess the suitability of trustees, fiduciaries, administrators or officers of any of your Pension Plans? Yes No

27. Do you outsource any activities to third party service providers? Yes No

If "YES", please detail the services provided.

28. Do you audit outsourcing companies during the term of their contract? Yes No

29. If the service provider or outsourcing company operates in your premises, are their employees under your daily management control? Yes No

Computer Systems

30. Are unique passwords used to give various levels of entry to the computer depending on the users authorisation? Yes No

31. Are passwords automatically withdrawn when people leave? Yes No

32. Are all amendments to programs approved independently of the persons making the amendments? Yes No

33. Are programs protected to detect unauthorised changes? Yes No

34. Is your computer system firewall protected to prevent unauthorised access? Yes No

35. Is your computer system protected by virus detection and repair software? Yes No

Fund Transfers

"Fund Transfer" means any instructions (other than cheques) given to a Financial Institution to pay or deliver funds.

36. What is the approximate annual value of fund transfers? HKD _____

37. Please specify the method of instruction (e.g. written, electronic, telephone etc.).



38. Can payment instructions be made to an account which has not been pre- Yes No
agreed?

39. Is the financial institution required to authenticate the instruction before Yes No
payment is released?

40. Please provide a brief description of the methods used to secure fund transfers (e.g.
passwords, encryption, code words, call back).

41. (a) Please provide brief details, on a separate addendum, of any losses sustained during the
past five (5) years and before application of any deductible, retention or excess whether
insured or not. (Please include date discovered, location, nature of loss and amount.)

42. (b) Please describe what corrective measures have been taken to prevent similar losses.



DECLARATION

- We acknowledge that we have read and understood the Important Notices contained in this proposal.
- We agree that this proposal, together with any other information or documents supplied, shall form the basis of any contract of insurance.
- We acknowledge that if this proposal 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 the Insurer.
- We declare after enquiry that the statements, particulars and information contained in this proposal and in any documents accompanying this proposal are true and correct in every detail and that no other material facts have been misstated, suppressed or omitted.
- We undertake to inform the Insurer of any material alteration to those facts before completion of the contract of insurance.

This Policy will NOT cover your loss resulting from any claims, matters, occurrences or circumstances arising from any **employee dishonesty, theft, computer crime, counterfeiting or forgery**, committed or alleges to have been committed of which you were aware before commencement of the Policy Period.

Signed _____
Chairperson

Managing Director or
Chief Executive Officer

Dated _____

Note: This Proposal and all exhibits shall be treated in strictest confidence.