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PROFESSIONAL INDEMNITY PROPOSAL FORM FOR INDEPENDENT FINANCIAL ADVISERS

Please answer all the questions and complete this form in ink, also signing and dating the declaration as provided. This proposal shall form the basis of any insurance contract and all of the information that you provide will become part of the policy, but its completion and submission does not oblige either party to offer or complete a contract of insurance.

It is very important that you disclose fully and accurately all material facts, irrespective of any previous disclosure. If you require more space please continue in the space provided at the end of this form, if necessary attaching further details on your headed paper. Material facts are those which may affect insurers' acceptance or assessment of the risk. If you have any doubt as to whether something is a material fact it is recommended that you disclose it. Any misrepresentation, omission, concealment or incorrect statement of a material fact in this form or any supporting information, or of a material change prior to policy inception could be grounds for avoidance.

The duty to disclose fully and accurately all material facts is not confined to the completion of this proposal, but continues throughout the period of any insurance contract which may be arranged on the basis of it. It is therefore equally important that you advise us promptly of any material change to the information provided in this proposal or supporting information. This includes but is not limited to changes in business, management or ownership structure and changes in professional status or areas of activity. If you have any doubt as to whether something is a material change it is recommended that you disclose it. Any misrepresentation, omission, concealment or incorrect statement of a material change could be grounds for avoidance.

If you are aware of any claims, or circumstances which may give rise to a claim, please be sure that you report them immediately, in a separate letter, to your current broker and/or insurer. The information contained within this proposal form is for underwriting purposes and not for claims processing. We would remind you that this type of policy is written on a claims made basis. There are no days of grace for renewal negotiations under this type of policy. All cover will terminate at expiry date.

If you need any assistance in the completion of this form please do not hesitate to contact us.



1 GENERAL INFORMATION ON THE FIRM

Firm name or names (including all subsidiary and associated companies except for predecessors in business, and all trading and practising styles)

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Main office address

Postcode

Main office telephone no.	()
Main office fax no.	()
Contact email address	
Website address	
Establishment date of practice / Commencement date of trading	/ /
Firm FSA Reference Number	

2 PREDECESSORS IN BUSINESS AND EXTENSIONS TO COVER

Is cover required for any predecessors in business? **Yes / No**

If so, please provide details of the firm/s below, continuing on a separate sheet if necessary.

Firm Name	Establishment Date	Cessation Date
	/ /	/ /
	/ /	/ /

Were the activities of all predecessors in business essentially the same as the firm's present activities as disclosed in this form? **Yes / No**

If not, please provide full details.

Has the firm or any predecessor in business been designated a Departed Firm or declared by the FSCS to be a Firm in Default? **Yes / No**

If so, please provide full details.

Does the firm have or has the firm ever had any Appointed Representatives (ARs)? **Yes / No**

If so, please provide details of the firm/s below, continuing on a separate sheet if necessary. The policy will not respond to the activities of any AR before that firm became (or after they ceased to be) an AR of the Insured as this insurance protection has to be expressly requested and agreed.

Firm Name	Period as AR	
	From	To
	/ /	/ /
	/ /	/ /

The remainder of this Proposal Form should be completed in relation to all entities to be insured under the policy (including ARs) as disclosed above, which are together referred to as "the firm".

3 FEE INCOME

Please provide gross income figures (including all new business and renewal commission, brokerage and fees, for all proposing entities including any ARs) over the following annual accounting periods. If you are a new firm, please advise your projected first year's income and provide in addition a full business plan including cash flow forecasts.

		Previous financial year	Last completed financial year	Projection for current financial year
Financial year end date		/ /	/ /	/ /
Income by client domicile	United Kingdom	£	£	£
	USA and Canada	£	£	£
	Rest of World	£	£	£
	Total	£	£	£
Proportion as renewal / trail income		%	%	%
Proportion transacted as fees		%	%	%
Proportion execution-only work		%	%	%

Please provide details of the approximate number of active clients handled per adviser in each annual accounting period, and the lapse (NTU) ratio in respect of your financial services business.

	Previous financial year	Last completed financial year	Projection for current financial year
Active clients per adviser			
FS business lapse ratio	%	%	

If you have changed your accounting date in the past three years or for any other reason the figures shown above do not cover an annual period in all cases please provide full details on a separate sheet.

Please advise the largest cumulative fee charged to (or commission received in respect of) any single client or group of clients over any one year in the last three years.

£

If this exceeds £25,000 or 20% of the gross income figure for that year, please provide further details.

Have you in the last five years derived any fee income (including that disclosed above) from non-UK domiciled clients?

Yes / No

If so, please provide further details including the nature of the work undertaken, territory or territories involved, and amount of income generated per accounting period.

4 STAFF DETAILS

Please provide the following details in respect of every partner, principal, director and compliance officer employed by (or self-employed and remunerated under contract by) the firm, if necessary continuing on a separate sheet. If you are a new firm, please provide in addition an up-to-date professional CV in respect of each partner, principal, director and compliance officer.

Name	Date joined the Firm	Qualifications	Experience
	/ /		
	/ /		
	/ /		
	/ /		
	/ /		
	/ /		



Do any advisers undertake work for the firm on a self-employed basis remunerated under contract (including on a commission-only basis) by the firm?

Yes / No

If so, please complete the following questions.

How many advisers were so remunerated over the past 12 months?

Are all such advisers treated as employees with regard to management, supervision, compliance, training and competence?

Yes / No

Do all such advisers work only from the firm's offices (and not from home)?

Yes / No

Please advise the number of employees (or self-employed advisers as above) in the following categories.

Individuals performing controlled functions

Other technical staff

Administrative and secretarial staff

Is any partner, principal, director or employee of the firm a member of the Personal Finance Society?

Yes / No

Please specify all professional bodies of which you hold membership.

Has any partner, principal, director or employee (past or present) of any of the proposing entities, or any other individual to be covered under the policy, ever:

been the subject of disciplinary proceedings by any professional body?

Yes / No

been involved in any instance of fraud or dishonesty?

Yes / No

been subject to any civil or criminal judgement?

Yes / No

If you have answered yes to any of the above, please provide full details.

5 AUTHORISATION AND COMPLIANCE

Has the firm ever applied for, obtained, or previously held a Passport under IMD rules?

Yes / No

If so, please provide details of the work undertaken on this basis.

Has the firm ever received an Intervention Notice from the FSA or any warning relating to rule breaches?

Yes / No

If so, please provide full details and explain how the position was resolved.

What was the date of your last regulatory visit:

for routine compliance monitoring?

for risk-based monitoring?

/	/
/	/

Please provide a copy of the FSA report in respect of each such visit.

In respect of all transactions where you have earned commission since 1st May 2005, please confirm that (a) you declare yourself to be a Tied or Multi-Tied Agent (or to offer Restricted Advice) in respect of the relevant products and that this is confirmed in your Terms of Business; and/or that (b) your clients have been offered the choice of paying a fee in all such cases and that this has been correctly evidenced on file.

Yes / No

Has the firm ever:

completed or prepared proposal forms or other documents on behalf of any client?

Yes / No

destroyed any client paper records or electronic data?

Yes / No

Does the firm provide reviews to all active clients at least annually?

Yes / No

Is compliance managed with the assistance of a specialist firm?

Yes / No

If so, please complete the following questions.

Please identify the specialist firm.

How frequently does the specialist firm visit your offices?

What proportion of your files does the specialist firm check?

 %

Is the specialist firm involved in dealing with complaints in all cases?

Yes / No

How long has the specialist firm been appointed?

If the specialist firm has been appointed for less than 12 months, please advise what the previous compliance arrangements were, and whether any amendments to the previous compliance regime were necessary.

Do you use Client Management Software (e.g. 1st Software)?

Yes / No

If so, please advise the system used.

Do you use Research Software (e.g. Aequos, Synaptic)?

Yes / No

If so, please advise the system used.

6 BUSINESS ACTIVITIES SUMMARY

Please provide a breakdown of your gross income (including renewal and/or trail commission) in the last completed financial year by activity as below, and confirm whether you have conducted each such activity in the last six years. If you are a new practice, please provide estimated figures for your first full year.

Type of work	Activity conducted in the last 6 years?	Income Breakdown (last financial year)
Investment advice and administration	Yes / No	%
Portfolio management		
<i>Non-discretionary</i>	Yes / No	%
<i>Discretionary</i>	Yes / No	%
Pensions advice and administration	Yes / No	%
Mortgage broking and advice	Yes / No	%
Endowments	Yes / No	%
Life products	Yes / No	%
Private health and medical insurance	Yes / No	%
Critical illness and ASU insurance	Yes / No	%
Payment protection insurance	Yes / No	%
Insurance broking		
<i>Personal lines</i>	Yes / No	%
<i>Commercial General Insurance</i>	Yes / No	%
Other (please provide details)	Yes / No	%
TOTAL		100 %

Proposal form sections 7 to 13 provide further detail in respect of individual areas of practice. You need only complete those sections relating to work undertaken in the past six years.

7 INVESTMENT ADVICE AND ADMINISTRATION

Please complete this section if the firm has conducted any investment advice or administration work in the past six years.

Please provide a breakdown of your investment advice and administration income as follows.

Type of work	Activity conducted in the last 6 years?	Date activity ceased	Income Breakdown (last financial year)
SECTION A			
ISAs & PEPs	Yes / No	/ /	%
Unit trusts & Mutual funds	Yes / No	/ /	%
Insurance bonds	Yes / No	/ /	%
Income bonds	Yes / No	/ /	%
SECTION B			
Offshore bonds	Yes / No	/ /	%
Venture capital trusts	Yes / No	/ /	%
Enterprise initiative schemes	Yes / No	/ /	%
Film partnerships & finance	Yes / No	/ /	%
Real property funds	Yes / No	/ /	%
Traded endowment policies	Yes / No	/ /	%
Hedge funds	Yes / No	/ /	%
Split capital investment trusts	Yes / No	/ /	%
Zero dividend preference funds	Yes / No	/ /	%
Precipice bonds & SCARPs	Yes / No	/ /	%
Other structured products	Yes / No	/ /	%
Esoteric products	Yes / No	/ /	%
SECTION C			
Other (please provide details)	Yes / No	/ /	%
TOTAL			100 %

If you have conducted any work in Section B above in the last six years, please provide the following details, continuing on a separate sheet if necessary.

Provider and Type of Product	Number of cases transacted	Average Value of Investment	Maximum Value of Investment
		£	£
		£	£
		£	£
		£	£
		£	£

If you have conducted any work in Section C above in the last six years, please provide full details, continuing on a separate sheet if necessary.



Has it always been the practice of the firm to bring to the attention of clients the potential consequences of Market Value Adjustments on with-profit products, and is this correctly evidenced on file in all cases?

Yes / No

If not, please provide further details.

In the past six years, has the firm:

held any client money?

Yes / No

provided advice or services in respect of any single premium investment exceeding £100,000?

Yes / No

provided advice or services in respect of any investment product provided by an entity not directly regulated by the United Kingdom FSA, or by an entity which is based outside the United Kingdom, Channel Islands and Isle of Man?

Yes / No

If yes to any of the above, please provide further details.

Has the firm ever dealt directly or indirectly or otherwise provided advice or services in respect of any bank, product provider, financial institution, fund or investment:

Yes / No

which is currently or has previously been insolvent, has a known liquidity problem, or has otherwise failed (including but not restricted to Lehman Bros and Kaupthing Singer & Friedlander)?

Yes / No

whose shares, investments or funds have been suspended or frozen to withdrawals (including but not restricted to Arch Cru and Keydata)?

Yes / No

which is under investigation by the Police, SFO, FSA, SEC or other regulatory authority in relation to allegations of fraud (including but not restricted to Madoff investments)?

Yes / No

If yes to any of the above, please provide the following details in respect of each such investment, continuing on a separate sheet if necessary.

Provider	Product and Issue or Series	Client	Investment date	Invested value	Proportion of portfolio
			/ /	£	%
			/ /	£	%
			/ /	£	%
			/ /	£	%
			/ /	£	%
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			/ /	£	%
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			/ /	£	%
			/ /	£	%

8 PENSIONS ADVICE AND ADMINISTRATION

Please complete this section if any proposing entity has conducted any pensions advice or administration work in the past six years.

Please provide a breakdown of pensions advice and administration income as follows.

Type of work	Activity conducted in the last 6 years?	Date activity ceased	Income Breakdown (last financial year)
Personal pensions	Yes / No	/ /	%
Pension transfers and switches			
<i>from money purchase schemes</i>	Yes / No	/ /	%
<i>from defined benefit schemes</i>	Yes / No	/ /	%
SIPP administration	Yes / No	/ /	%
SIPP advice	Yes / No	/ /	%
Pension fund withdrawals, income drawdowns and phased retirement	Yes / No	/ /	%
Annuities	Yes / No	/ /	%
Pension fund administration	Yes / No	/ /	%
Pension fund trusteeship	Yes / No	/ /	%
Pension fund management	Yes / No	/ /	%
QROPS	Yes / No	/ /	%
Other (please provide details)	Yes / No	/ /	%
TOTAL			100 %

What proportion of your current SIPP clients hold investments in (or have made investments in the last 12 months in) unapproved assets?

	%
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Do you have any known outstanding issues in relation to the SIB-sponsored Pension Review (for business conducted between April 1988 and June 1994)?

Yes / No

In respect of Pension Transfers from Defined Benefit Occupational Pension Schemes that you have arranged in the past ten years, please advise:

Number of transfers arranged

Average transfer value

Largest transfer value

£	
£	

Have you provided advice or services since 6th April 2006 (A-day) in respect of switching any client's existing pension arrangement or arrangements into a Personal Pension Plan (PPP) or Self-Invested Personal Pension (SIPP) or any combination of these?

Yes / No

If so, please fully complete the Pension Switching section (9) of this form.

Can you confirm that clients adversely affected by A-day legislation were contacted and offered a review prior to A-day?

Yes / No

Have you ever provided advice or services in respect of any Pension fund withdrawal plan, Income drawdown, or Phased retirement plan?

Yes / No

If so, please fully complete the Income Drawdowns section (10) of this form.

9 PENSION SWITCHING

In this section Pension Switching means the provision of advice or services since 6th April 2006 (A-day) in respect of switching any client's existing pension arrangement or arrangements into a Personal Pension Plan (PPP) or Self-Invested Personal Pension (SIPP) or any combination of these. This section should be completed if you have ever undertaken any Pension Switching work.

Please provide an annual breakdown of Pension Switches undertaken as follows.

Type of receiving scheme	Year commencing					TOTAL
	April 2006	April 2007	April 2008	April 2009	April 2010 (proj.)	
Personal Pension Plan						
SIPP						

In respect of all Pension Switches arranged since 6th April 2006 please confirm the following.

Average transfer value			£
3 largest transfer values	£	£	£
The proportion of work conducted on an execution-only basis and correctly evidenced on file as such.			%
The average commission rate received on transfers where Pension Switching advice was given.			%
The proportion of transfers with Pension Switching advice where full commission was taken.			%

Under what circumstances do you consider recommending a Pension Switch?

What drivers for Pension Switches are stated in suitability reports or in other documents on file?

Please provide details of any pension profiling or comparison tool used to determine whether there are any benefits in Pension Switching.

Has any Pension Switch been undertaken in which:

- the receiving scheme was more expensive than the ceding scheme or a stakeholder pension? **Yes / No**
- the client lost benefits (e.g. guaranteed annuity rates) without good reason? **Yes / No**

If yes to either of the above, please advise the number of such cases and explain why you advised that the Pension Switches be undertaken.



Did you in every Pension Switching case:

obtain up-to-date Know Your Customer (KYC) or Fact Find information to identify the client's attitude to risk prior to advising on the Pension Switch? **Yes / No**

explain to the client the importance of ongoing investment review or offer such a service in the suitability report provided to the client? **Yes / No**

If no to either of the above, please explain why you advised that the Pension Switches be undertaken.

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Have you have advised upon any Pension Switch where the risk of the new pension is different to that of the ceding scheme? **Yes / No**

If so, please complete the following questions.

Was the change in risk highlighted to the client in all cases? **Yes / No**

Was the risk of the new scheme consistent with the client's attitude to risk as documented in the Know Your Customer (KYC) and/or Fact Find information in all cases? **Yes / No**

If no to either of the above, please provide specific details of the cases in question and an explanation as to why the switch was performed.

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Have you reviewed a sample of individual files of Pension Switching advice against the four areas of suitability identified by the FSA? **Yes / No**

If so, how many files were in the sample?

Please complete the following table with details of the review outcomes.

Suitability Category	Pass %	Fail %
Extra product costs incurred		
Benefits lost from ceding pension		
New pension does not match attitude to risk		
Need for ongoing advice not explained, offered or provided		

Please provide the names and detail the experience and qualifications (e.g. G60) of the individuals authorised to provide Pension Switching advice. *Please continue on another page if required.*

Name	Qualifications	Experience

Please provide details of your top three product providers in terms of commission income (excluding subsequent renewal or trail commission) from Pension Switches since 6th April 2006.

Provider	Proportion of total Pension Switching income
	%
	%
	%

10 INCOME DRAWDOWN

In this section Income Drawdown is taken to include all Pension fund withdrawal plans, Income drawdowns, and phased retirement plans. This section should be completed if you have ever undertaken any Income Drawdown work.

Please provide the following details in respect of all income drawdowns undertaken by the firm.

Year	Number of cases transacted		Current fund value of largest case transacted
	Total number of cases	Where original fund value under £100,000	
2001			£
2002			£
2003			£
2004			£
2005			£
2006			£
2007			£
2008			£
2009			£
2010			£

Considering all income drawdowns transacted over the past ten years:

In what proportion of cases has your client taken maximum drawdown?

	%
	%

In what proportion of cases have you taken full commission with no fee offset?

Has a thorough, dedicated questionnaire assessing your client's position been used in all cases before advising on the income drawdown and retained to file?

Yes / No

How frequently do you conduct reviews in respect of each income drawdown case?

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Please provide a brief analysis of your strategy for the sale of income drawdown products in terms of fund values (e.g. why you might recommend drawdown on a fund value below £100,000), drawdown amounts taken and commissions taken.

11 MORTGAGE BROKING AND ADVICE

Please complete this section if any proposing entity has conducted any mortgage broking or advice work in the past six years.

Please provide a breakdown of mortgage broking and advice income as follows.

Type of mortgage	Activity conducted in the last 6 years?	Date activity ceased	Income Breakdown (last financial year)
Full status residential	Yes / No	/ /	%
Self-certification non-status	Yes / No	/ /	%
Sub-prime or Adverse	Yes / No	/ /	%
Ijara and Musharaka	Yes / No	/ /	%
Buy-to-let	Yes / No	/ /	%
Commercial	Yes / No	/ /	%
Equity release	Yes / No	/ /	%
Other mortgage work	Yes / No	/ /	%
TOTAL			100 %

Please provide details of the three largest loans arranged in the last 12 months as follows.

Provider	Type of Mortgage	Loan Amount
		£
		£
		£

If you have ever arranged self-certification mortgages, do you provide confirmation that an applicant's stated income is correct?

Yes / No

If so, please confirm that this is always fully researched, or provide further details as appropriate.

12 EQUITY RELEASE MORTGAGES

Has the firm ever provided advice or services related to equity release (including lifetime mortgage and home reversion) products?

Yes / No

If so, please fully complete the remainder of this section.

Was it at all times your standard practice to deal only with providers that abide by the SHIP code?

Yes / No

If not, please provide your rationale.

Has the firm ever:

given advice on the release of funds from property and the subsequent reinvestment of the funds realised, other than in respect of care home fee planning, long term care planning, or similar?

Yes / No

given advice on products which encourage the release of funds from property for the purpose of investment in a specific and pre-defined product of a higher-risk nature than property?

Yes / No

Has the firm in all cases:

insisted on the involvement of a solicitor in the advice process (or recommended such involvement) and documented this on file?

Yes / No

insisted on the involvement of family members and/or heirs in the advice process (or recommended such involvement) and documented this on file?

Yes / No

ensured that alternative means of raising capital are considered, and that the deliberations are recorded on file?

Yes / No



Please provide the names and detail the experience and qualifications (e.g. CF7) of the individuals authorised to provide equity release advice. *Please continue on another page if required.*

Name	Qualifications	Experience

13 ENDOWMENTS

Has the firm ever provided advice or services related to endowment policies? **Yes / No**

If so, please fully complete the remainder of this section.

In respect of how many endowment policies did the firm provide advice or services between 1988 and 2002?

How many complaints (whether or not these progressed further) have been made against the firm arising from endowment policies linked to mortgages?

In how many cases has the firm provided advice or services in respect of Low Cost or Low Start endowment policies linked to mortgages?

Please confirm whether it has always been the firm's practice to advise intending investors of the following and that this is fully documented on file in all cases.

That an endowment cannot be guaranteed to pay off any mortgage loan at maturity? **Yes / No**

That other forms of mortgage repayment are available that could meet the client's needs? **Yes / No**

That an endowment policy involves an investment risk? **Yes / No**

If no to any of the above, please provide details below.

14 CLAIMS AND CIRCUMSTANCES

Has any proposing entity (including any predecessors in business and any former principals, directors, employees or Appointed Representatives) in the past six years made any claim, or notified any circumstance which may give rise to a claim, potential claim or loss, which has or could have impacted on your professional indemnity insurance? **Yes / No**

If so, please provide full details of all claims and circumstances which may give rise to a claim, potential claim or loss, including the nature of the complaint and date of discovery, or provide a copy of your complaints log. In addition please provide details of any payments by insurers or otherwise. This information must be provided by the Insured. Comments such as see your records and refer to broker are not acceptable and will cause delays in processing this form.

After full enquiry of all partners, principals, directors, employees and Appointed Representatives, are you aware of any claims or circumstances which may give rise to a claim, potential claim or loss to any proposing entity (including any predecessors in business and any former principals, directors, employees or Appointed Representatives) which have not been notified to previous or current insurers? **Yes / No**

Any new claim or potential claim should be immediately reported to your existing insurer. It may also be helpful to provide details regarding the corrective measures taken to prevent re-occurrences of any serious incidents reported under both sections above.



15 CURRENT INSURANCE COVERAGE

Has any insurer ever refused to offer your firm or any predecessor in business renewal terms for professional indemnity insurance, or cancelled a policy already in force?

Yes / No

If so, please provide full details.

Please advise the retroactive date applied to your current professional indemnity insurance policy.

Please provide details of your current professional indemnity insurance.

Insurer

Premium (excl IPT)

Limit of Indemnity

Excess payable

16 REQUIRED INSURANCE COVERAGE

Renewal date

Limit of Indemnity

Excess payable

17 SIGNIFICANT CHANGE AND OTHER MATERIAL INFORMATION

Do you expect there to be any significant change to or in your practice in the coming year?

Yes / No

If so, please provide full details.

Is there any other material information that may be relevant to this application?

Yes / No

If so, please provide full details.

DECLARATION

By signing the proposal form you consent to PYV Limited using the information we may hold about you for the purpose of providing insurance advice and where appropriate assistance in relation to handling claims, if any, and processing sensitive personal data about you where this is necessary (for example, criminal convictions). This may mean we have to give some details to third parties involved in providing insurance cover. These third parties may include insurance intermediaries, third party claims adjusters, fraud detection and prevention services, reinsurance companies, debt recovery agents and insurance regulatory authorities. In the course of performing our obligations to you, this information may be disclosed to agents and service providers appointed by us, and to insurers (which includes their re-insurers, legal advisors, loss adjusters and agents). Where such sensitive personal information relates to anyone other than you, you must obtain the explicit consent of the person to whom the information relates both in respect of the disclosure of such information to us and its use by us as set out above. The information provided will be treated in confidence and, where relevant, in compliance with the Data Protection Act 1998. You have the right to apply for a copy of your information (for which we may charge a fee) and to have any inaccuracies corrected.

I/we declare to insurers that, after full enquiry of all partners, principals, directors and staff, all claims and circumstances which may give rise to a claim have been reported to previous and/or current insurers and that the statements in this proposal form (and attachments if any) are true and complete and shall form the basis of any contract of insurance effected thereupon. I/we undertake to inform insurers of any material alterations to the information provided or any new fact or matter arising before completion of the contract of insurance which may be relevant to the contract of insurance.

A copy of this form should be retained for your records.

For and on behalf of the Insured:

Signature: _____

Date: _____

Title: _____

Firm name: _____



ADDITIONAL INFORMATION

This space is provided for any additional material information, or any further information requested in respect of previous questions. Please continue on another sheet if necessary.