

# Addendum

## Hedge Fund & Credit Risks



### PLEASE READ THE FOLLOWING ADVICE BEFORE PROCEEDING TO COMPLETE THIS ADDENDUM

#### Your Investment Managers Insurance Policy is issued on a CLAIMS MADE basis.

This means that this policy responds to:

- (1) Claims first made against you during the period of insurance and notified to the Insurer during that period of insurance, providing that you were not aware at any time prior to the policy inception of circumstances which would have put a reasonable person in your position on notice that a Claim may be made against you; and
- (2) Pursuant to Section 40, sub-section 3 of the *Insurance Contracts Act 1984* (Cth.) which states: "Where the Insured gave notice in writing to the Insurer of facts that might give rise to a Claim against the Insured as soon as was reasonably practicable after the Insured became aware of those facts but before the insurance cover provided by the contract expired, the Insurer is not relieved of liability under the contract in respect of the Claim, when made, by reason only that it was made after the expiration of the period of insurance cover provided by the contract".

When the policy expires, no new notification generally can be made on the expired policy even though the event giving rise to a Claim against you may have occurred during the period of insurance. You will not be entitled to indemnity under your new policy in respect of any Claim arising out of circumstances of which you were aware at any time prior to policy inception which would have put a reasonable person in your position on notice that a Claim may be made against you.

When completing your proposal you are obliged to report and provide full details of all circumstances which have become known to you and which would put a reasonable person in your position on notice that a Claim may be made against you. This is important to ensure that you make proper disclosure (refer to notice pursuant to the *Insurance Contracts Act 1984* (Cth.)) in order that your entitlement to full indemnity under your new policy is not placed in jeopardy. In accordance with the provisions of the *Insurance Contracts Act 1984* (Cth.), DUAL Australia Pty Ltd is required to advise you of your responsibilities in relation to the disclosure of relevant information.

#### Your Duty of Disclosure

Before you complete this proposal form and enter into a contract of general insurance, please be aware that you have a duty, under the *Insurance Contracts Act 1984* (Cth.), to disclose to the Insurer every matter that you know, or could reasonably be expected to know, is relevant to the Insurer's decision whether to accept the risk of the insurance and, if so, upon 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 matter:

Your duty however does not require disclosure of matters:

- 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 his business, ought to know;
- As to which compliance with your duty is waived by their Insurer.

(It should be noted that this duty continues after the proposal form has been completed up until the time the policy is entered into.)

#### Non-Disclosure

If you fail to comply with your duty of disclosure, the Insurer may be entitled to reduce their 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. It is therefore vital that you make sufficient enquiries BEFORE you complete your proposal form and BEFORE you sign any declaration that there has been no change in the information proposed. Please take notice of the following statements pursuant to the provisions of the *Insurance Contracts Act 1984* (Cth.).

#### Surrender or Waiver of any Right of Contribution or Indemnity

Where another person or company would be liable to compensate you or hold you harmless for part or all or any loss or damage otherwise covered by the policy, but you have agreed with that person either before or after the inception of the policy that you would not seek to recover any loss or damage from that person, you are NOT covered under the policy for any such loss or damage.

## Notice of Occurrences or Events

If during the period of this policy, the Insured shall become aware of any occurrence which may give rise to a Claim under the policy and shall during the period of this insurance given written notice to the Insurer of such occurrence, any Claim which may be subsequently made arising out of the occurrence of which notification has been given shall be deemed to be a Claim made during the period of this policy whenever such Claim may actually be made.

## Contract by the Insured Affecting Rights of Subrogation

If the proposed contract of insurance includes a provision which excludes or limits the Insurer's liability in respect of any loss because you are a party to an agreement which excludes or limits your rights to recover damages from a third party in respect of that loss, you are hereby notified that signing any such agreement may place your indemnity under the proposed contract of insurance at risk.

## When Completing this Addendum

- Please answer all questions giving full and complete answers.
- It is the duty of the Applicant to provide all information that is requested in the Addendum as well as to add additional relevant fact.
- A relevant fact is such know fact and/or circumstance that may influence in the evaluation of the risk by the insurer. If you have any doubts about what a relevant fact is, please do not hesitate to contact your broker or insurer.
- If the space provided on the Addendum is insufficient, please use a separate signed and dated sheet in order to provide a complete answer to any question.
- The proposal form must be completed, signed and dated by a person, who must be of legal capacity and authorised for the purpose of requesting Investment Managers Insurance for the firm who acts as a Applicant..

**This proposal form DOES NOT BIND the Applicant or the Insurer to complete the insurance but will form part of any insurance.**

## Privacy Collection Statement

At DUAL Australia Pty Ltd, we are committed to compliance with the *Privacy Act 1988* (Cth). We use your personal information to assess the risk of and provide insurance, and assess and manage claims. We may also use your contact details to send you information and offers about products and services that we believe will be of interest to you. If you don't provide us with full information, we may not be able to provide insurance or assess a claim. If you provide us with information about someone else you must obtain their consent to do so.

We provide your information to the insurer we represent when we issue and administer your insurance. When providing a quotation or insurance terms, we will tell you if the insurer is overseas and if so, where they are. We are part of the Hyperion Insurance Group and may provide your information to UK based Group entities who provide us with business support services. We may also provide your information to your broker and our contracted third party service providers (e.g. claims management companies), but will take all reasonable steps to ensure that they comply with the Privacy Act.

Our Privacy Policy contains information about how you can access the information we hold about you, ask us to correct it, or make a privacy related complaint. You can obtain a copy from our Privacy Officer by telephone (+61 (0)2 9248 6300), email ([reception@dualaustralia.com.au](mailto:reception@dualaustralia.com.au)) or by visiting our website ([www.dualaustralia.com.au](http://www.dualaustralia.com.au)).

By providing us with your personal information, you consent to its collection and use as outlined above and in our Privacy Policy.

**DUAL Australia recommends that you keep a record of all information supplied for the purpose of entering into an insurance contract (including copies of this Addendum and correspondence with us or your insurance broker or agent).**

### Section 1

### General Questions

1. This Declaration is supplementary to and forms part of the following proposal form:

Applicant: \_\_\_\_\_

AFSL No: \_\_\_\_\_

Signed & Dated: \_\_\_\_\_

2. Does the Applicant originate or sell any prime, sub prime and/or Alt-A Minus mortgages? Yes [  ] No [  ]

If YES, please provide full details: \_\_\_\_\_

- |    |   |         |        |
|----|---|---------|--------|
| 3. | Does the Applicant invest into, originate, sell, manage, advise on, underwrite, structure, securitize, provide liquidity for, or act as an agent/broker in the sale of any of the following securities: | Yes [ ] | No [ ] |
| a. | Debt Securities   | Yes [ ] | No [ ] |
| b. | Finance Company Securities  | Yes [ ] | No [ ] |
| c. | Residential Mortgage Backed Securities  | Yes [ ] | No [ ] |
| d. | Residential Mortgage Loans  | Yes [ ] | No [ ] |
| e. | Commercial Mortgage Backed Securities   | Yes [ ] | No [ ] |
| f. | Asset Backed Securities   | Yes [ ] | No [ ] |
| g. | Credit Card Debt  | Yes [ ] | No [ ] |
| h. | Collateralised Loan Obligations   | Yes [ ] | No [ ] |
| i. | Student Loans   | Yes [ ] | No [ ] |
| j. | Collateralised Debt Obligations   | Yes [ ] | No [ ] |
| k. | Auction Rate Securities   | Yes [ ] | No [ ] |
| l. | Credit Default Swaps  | Yes [ ] | No [ ] |
| m. | Guaranteed Investment Contracts   | Yes [ ] | No [ ] |

**If YES, to any of the above please provide full details on a separate sheet.**

- |    |   |         |        |
|----|---|---------|--------|
| 4. | If the answer to 3. above is yes, has there been, or is there anticipated any default, credit event, write down in value or failed auction?   | Yes [ ] | No [ ] |
| 5. | Have there been any changes or modifications in the investment restrictions or limitations of any investment vehicle during the past 2 years? | Yes [ ] | No [ ] |

If YES, please provide full details: \_\_\_\_\_

\_\_\_\_\_

- |    |   |         |        |
|----|---|---------|--------|
| 6. | Has the applicant had any of its funds assets taken or frozen by or at the formal request of a government or regulatory entity or agency due to the commencement of a formal investigation? | Yes [ ] | No [ ] |
|----|---|---------|--------|

If YES, please provide full details: \_\_\_\_\_

\_\_\_\_\_

- |    |   |         |        |
|----|---|---------|--------|
| 7. | Has the Applicant frozen any funds or suspended redemptions on any funds? | Yes [ ] | No [ ] |
|----|---|---------|--------|

If YES, please detail any redemption restrictions imposed over the last year: \_\_\_\_\_

\_\_\_\_\_

8. Please detail anticipated redemption levels over the coming six months (excluding abnormal shocks): \_\_\_\_\_

\_\_\_\_\_

9. Does the Applicant manage any funds with an absolute return investment philosophy? Yes [ ] No [ ]

**If YES, please provide further detail regarding the investment strategy on a separate sheet.**

a. Merger arbitrage Yes [ ] No [ ]

b. Distressed Securities Yes [ ] No [ ]

c. Event Driven Yes [ ] No [ ]

d. Relative Value Yes [ ] No [ ]

e. Convertible arbitrage Yes [ ] No [ ]

f. Macro Yes [ ] No [ ]

g. Fixed Income Yes [ ] No [ ]

h. Arbitrage Quant Driven Yes [ ] No [ ]

i. Long / Short Equity Yes [ ] No [ ]

j. CTA / Managed Futures Yes [ ] No [ ]

10. Please advise of the external administrator used for the funds assets: \_\_\_\_\_

\_\_\_\_\_

11. Please confirm the maximum allowable leverage in the funds? Yes [ ] No [ ]

12. What is the average leverage position of funds? Yes [ ] No [ ]

13. What is the next exposure of the funds? Yes [ ] No [ ]

14. Please confirm the funds domicile? Yes [ ] No [ ]

15. Please advise of the minimum investment allowed from investors in the fund? Yes [ ] No [ ]

16. Please confirm the geographic breakdown of the fund investor base: \_\_\_\_\_

\_\_\_\_\_

17. Who is responsible for the content of marketing material and capital raising documentation? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

18. Please detail the process of ensuring compliance with investment strategy: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## Section 7

## Declaration

### **SIGNING THIS ADDENDUM DOES NOT BIND THE PROPOSER OR THE INSURER TO COMPLETE THIS INSURANCE**

The undersigned declares that the statement and particulars in this Addendum are true and that no material facts have been misstated or suppressed after enquiry. The undersigned agree that should any of the information given by us alter between the date of this proposal and the inception date of the insurance to which this Addendum relates, the undersigned will give immediate notice thereof. The undersigned agrees that the Underwriters may use and disclose our personal information in accordance with the "Privacy Statement" at the beginning of this Addendum.

The undersigned agrees that this Addendum, together with any other information supplied by us shall form the basis of any contract of insurance effected thereon.

### **TO BE SIGNED BY THE INSURED FOR WHOM THIS INSURANCE IS INTENDED FOR**

Full Name: \_\_\_\_\_

Position: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: / /

**IT IS IMPORTANT THE UNDERSIGNED OF THE DECLARATION ABOVE IS FULLY AWARE OF THE SCOPE OF THIS INSURANCE SO THAT THESE QUESTIONS CAN BE ANSWERED CORRECTLY. IF IN DOUBT PLEASE CONTACT THE BROKER OR AGENT, SINCE NON-DISCLOSURE MAY AFFECT AN ASSURED'S RIGHT OF RECOVERY UNDER THE POLICY**

DUAL Australia recommends that you keep a record of all information supplied for the purpose of entering into an insurance contract (including copies of this Addendum and correspondence)

#### **How to contact DUAL Australia Pty Ltd:**

Address:

[DUAL Australia Pty Ltd](#)

GPO Box 7101

Sydney NSW 2001

Australia

Telephone: 1300 769 772 (If dialling from outside Australia +61 2 9248 6300)

E-mail: [dualenquiries@dualaustralia.com.au](mailto:dualenquiries@dualaustralia.com.au)

### **ANNEXURES: PLEASE ANNEX THE FOLLOWING DOCUMENTS TO THIS ADDENDUM**

Please provide the following documentation with this Addendum:

- a. A copy of any Product Disclosure Statement, Information memorandum, Private Placement Memorandum, Prospectus or similar document issued by or on behalf of the Applicant.

- b. An organisation/structure chart
- c. A copy of the conflicts of interest policy.
- d. A copy of the most recent quarterly investor reports
- e. The latest audited financial statements for the Applicant

**Also, if insufficient space has been provided in this Addendum for you to adequately answer any of the questions, please annex further supplementary pages.**