XL Group
Insurance

FINANCIAL INSTITUTIONS CIVIL LIABILITY PROPOSAL FORM

Confidentiality

The insurer will treat any information which the Proposer provides to it in connection with this Proposal Form as confidential and will not, without the prior written consent of the Proposer, disclose any such information to any third party, except as provided in Section 7 of this Proposal Form.

Notice

Please note that this proposal form is being completed by the Proposer on behalf of all persons or entities for which coverage is being sought.

Signing or completing this proposal does not bind the Proposer (or any individual or entity he or she is representing) or insurer to complete this insurance.

The proposal form is set out in the following sections:

1. **Proposer Details**
2. **Activities**
3. **Internal Controls**
4. **Compliance**
5. **Regulatory**
6. **Claims Information**
7. **Confidentiality and Declaration**
8. **Appendices (please only complete the relevant appendices):**
    a. **Private Banking**
    b. **Investment Banking**
    c. **Insurance / Pensions / Investments**
    d. **Fund Management**
    e. **Trust Activities**
    f. **Trading**

Additional Information

Please provide any supplementary information which is material to your responses. If referring to any supplementary information, please specify the page of the document to which it relates.

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Please attach the following documentation:

A. **Most recent annual report and accounts of the Proposer.**
B. **Organisational structure chart (if available)**
C. **Standard client engagement letter/contract**
D. **Any supplementary information which is material to the response of the questions herein.**

It is acceptable to refer in your answers to the above documentation, but please cite relevant document name and page number.

Section 1: Proposer Details

1. Name of the Proposer Company:

   Principal Address:

2. Date of establishment:
3. Please provide details of company and legal ownership structure:

   (If available, please attach structure chart(s))

   Type of financial institution or type of banking activities: (please tick all applicable boxes)

   ❑ Retail banking
   ❑ Commercial banking
   ❑ Investment banking
   ❑ Private banking
   ❑ Other (please specify):

4. Has the Proposer been the subject of any mergers or acquisitions during the past five years?

❑ Yes ❑ No

If yes, please provide details :

5. Total Number of Staff:

Staff Numbers	Current year		Previous year	
	WW excl. USA/ Canada	USA/ Canada	WW excl. USA/ Canada	USA/ Canada
Total number of employees (including temporary staff and outsourced employee roles)				

How many of these staff are:

Directors and Officers				
Sales staff or professional staff				
Support staff back office				

Section 2: Activities

1. Please provide the approximate percentages of the Proposer's total revenues* which are derived from the following activities:

	Activity	**% of total revenue derived from this Activity:**	**% of Activity revenue derived from the USA/ Canada:**	**Please fill in the Appendix mentioned below:**
(a)	Lending:			
	(i) Retail			
	(ii) Commercial			
	(iii) Other (e.g. interbank, syndication). Please specify:			
(b)	Private Banking			A
(c)	Investment Banking			B
(d)	Factoring, invoice discounting, leasing			
(e)	Insurance, pensions or related services			C
(f)	Trade Financing			
(g)	Fund Management			D
(h)	Fund Administration			
(i)	Trust Services			E
(j)	Trading/Dealing			F
	(i) Proprietary Trading**			
	(ii) Trading for third parties			
(k)	Custodian / Depository			
(l)	Other activities:			

* *revenues from last audited financial statement*

** *Proprietary trading is defined as dealing in investments as principal, i.e. for the Proposer's own account. It should not include the Proposer acting as a market maker.*

2. Please provide geographical split of revenue for countries where more than 10% of overall revenue is derived:

Country	**% of total revenue***

* *revenues from last audited financial statement*

3. Please provide details of any new services or products intended to be offered over the next 12 months (If 'none', please state so):

4. Does the Proposer use Independent Financial Advisors (IFAs) or other agents in order to distribute his products or services? ❑ Yes ❑ No

If yes, please advise:

(a) percentage of revenue derived from IFAs and agents:

(b) How does the Proposer monitor the advice provided by IFAs and agents that are not under the Proposer's daily control and supervision?

Section 3: Internal Controls

1. Does the Proposer have an Internal Audit Department? ❑ Yes ❑ No

   If yes, please state number of staff in this department:

   If no, how is this function performed?

2. How often does the Internal Audit Department (or equivalent) carry out an audit on risk critical areas of the business?

3. To whom does the Internal Audit Department (or equivalent) report?

4. Please confirm that the Internal Audit Department (or equivalent) regularly performs checks on:

(a)	segregation of duties	Yes	No
(b)	accuracy of records	Yes	No
(c)	reporting procedures to management/clients	Yes	No
(d)	management and supervisory procedures	Yes	No
(e)	training requirements, and competency of staff	Yes	No
(f)	suitability of advice provided to third parties	Yes	No
(g)	adequacy of systems	Yes	No
(h)	authority levels, including trading (appropriateness and monitoring)	Yes	No

5. Are appropriate methods in place in order to:

   a) verify the identity of the users transacting via the Internet? ❑ Yes ❑ No

   b) protect the integrity of any given transaction? ❑ Yes ❑ No

   c) prevent unauthorised access to clients'/investors' main processing systems? ❑ Yes ❑ No

6. Are all recommendations made by the Internal Audit Department (or equivalent) implemented?

   If no, please provide details below: ❑ Yes ❑ No

7. Who are the Proposer's external auditors?

8. When were the Proposer's external auditors last changed and what was the reason?

9. Are there any material recommendations from external auditors yet to be implemented?

   If yes, please provide details below: ❑ Yes ❑ No

10. Is the Proposer aware, after enquiry, of any form of client complaint (brought by the client, or on their behalf by a regulator)? ❑ Yes ❑ No

    If yes, please provide full details below:

Section 4: Compliance

1. Please state the number of staff performing a compliance function:

2. To whom does the Compliance Officer or Officers report?

3. Does the Proposer:

   a) maintain a Code of Ethics that governs personal trading practices of employees and other persons who have access to non publicly available information? (such employees or other persons hereafter referred to as "trading persons")? ❑ Yes ❑ No

   b) allow trading persons to trade for their own account or for accounts over which they have control? ❑ Yes ❑ No

   c) require trading persons to report all personal trades for their own accounts or accounts over which they have control? ❑ Yes ❑ No

4. Are all new services and products subject to an approval process that includes sign off from the business unit manager, compliance and legal? ❑ Yes ❑ No

   If no, please state reason:

5. Are all services rendered subject to written or electronic contractual agreement? ❑ Yes ❑ No

   If yes, are these agreements legally reviewed prior to acceptance? ❑ Yes ❑ No

   If no, please provide reason:

6. Are all publications, marketing literature, or other product services communications (electronic or documentary), subject to legal review prior to their release? ❑ Yes ❑ No

   If no, please provide reason:

7. Does the Proposer have procedures in place to monitor to whom their services are provided, taking into account any jurisdictional or cross border issues? ❑ Yes ❑ No

Section 5: Regulatory

1. By which Official Body(ies) is the Proposer regulated?

2. Does the Proposer have any material recommendations outstanding or not implemented at present following a regulatory visit? ❑ Yes ❑ No

   If yes, please provide details below:

3. Has the Proposer or any of its directors, officers, partners or employees been subject to any regulatory investigation? ❑ Yes ❑ No

   If yes, please provide details below:

   Did such an investigation result in disciplinary proceedings, admonishments or recommendations? ❑ Yes ❑ No

   If yes, please provide details below including confirmation of whether any recommendations were made and date for implementation if not already completed:

4. Is the Proposer fully in compliance with regulatory mandates and industry best practices concerning anti-money laundering procedures, "Know your customer" and "Treating your customer fairly" obligations? ❑ Yes ❑ No

   If no, please provide details below:

Section 6: Claims Information

1. Has any claim, administrative or regulatory proceeding been brought against the Proposer or any of its directors, officers, partners, trustees or employees during the last 5 years? ❑ Yes ❑ No

   If yes, please provide full details below:

2. Does the Proposer, after enquiry, or any of its directors, officers, partners, trustees or employees, have any knowledge of any act, omission, event or circumstance which may give rise to a claim? ❑ Yes ❑ No

   If yes, please provide full details below:

Section 7: Confidentiality and Declaration

Confidentiality
The insurer will treat as confidential all information which the Proposer provides to it in connection with this Proposal Form and will not, without the prior written consent of the Proposer, disclose any such information to any third party, with the exception that:

A. the insurer shall be entitled to disclose confidential information to:

   a) any director, officer, employee, reinsurer or professional adviser of the insurer and/or its group companies or Xchanging Claims Services Limited or any loss adjuster appointed by the insurer in dealing with the insurance of the Proposer; or

   b) to any person in order to comply with any legal or regulatory requirement; or

   c) a court, mediator, or arbitrator to whom matters are referred in connection with this insurance or with any reinsurance thereof.

B. the insurer will not be required to treat as confidential any information provided to it by the Proposer if that information:

   a) is in the public domain, other than by means of the insurer having disclosed it; or

   b) was in the insurer's possession prior to it being provided by the Proposer.

C. The insurer will cooperate with the Proposer in preserving the confidentiality of the confidential information and will inform the Proposer in the event that the insurer is asked by a third party other than the parties listed in Section 7.A. above to produce any confidential information.

D. It is agreed that, if the Proposer is advised by its lawyers in respect of any subsequent claim or potential claim under the policy to which this proposal form relates that a separate confidentiality agreement is required to preserve common interest privilege between the insurer and the Proposer, the provisions of that confidentiality agreement, once agreed, will supersede the provisions of this clause.

Declaration
It is declared that to the best knowledge and belief of the Proposer, the responses contained in this proposal form are true and accurate and that, after enquiry, no material facts have been misstated or suppressed. The Proposer undertakes to inform insurers of any change to any facts which are or become material before inception of the contract of insurance.

A material fact is one which would influence the acceptance or assessment of the risk.

Signed .....

Title .....

(Must be signed by the Proposer's CEO, CFO, General Counsel, Chairman of the Board or President)

Company .....

Date .....

Appendix A: Private Banking

1. Please detail the private banking services provided by the Proposer:

2. In respect of client relationship managers:

   a) How is dual control achieved in respect of their activities?

   b) Who reviews the trading activities on each client account and with what frequency?

   c) How is suitability of their investment advice to clients monitored?

   d) Is there an approved list of securities that can be offered to clients? ❑ Yes ❑ No

Appendix B: Investment Banking

1. Please provide a percentage income split among investment banking operations (Please also state if this includes underwriting and state the relevant percentage).

Operation	Total income	Underwriting? If yes, state % of income derived	% income derived/ attributable to USA/Canada
M&A/Corporate Advisory			
Equity – new issuance			
Equity – secondary issuance			
Debt – new issuance			
Debt – secondary issuance			
Structured financial products			
Others – please specify:			

2. In the last 12 months, please advise:
   a) Total number of transactions:
   b) Average Value of transaction:
   c) Average fee income of transaction :

3. Please confirm there are standard written procedures in place

(a)	To ensure financial ability of buyers represented in M&A transactions	Yes	No
(b)	When independent outside review is required with respect to any investment banking transaction	Yes	No
(c)	For a secondary independent review or an internal procedure prior to the release of advice or documentation to ensure all aspects of the transaction as agreed have been completed	Yes	No
(d)	To ringfence sensitive information and to ensure there are no conflict of interests with other areas of your organization	Yes	No
(e)	To ensure that risk sensitive information is not viewed by the general public	Yes	No

4. Following responses to Question 4, are there any additional comments or information regarding your specific deal process and due diligence procedures?

5. Please provide details of the 5 largest transactions by deal size:

Name of client	Type of transaction (IPO, M&A...)	Date	Value of deal	Fee	Lead Underwriter (Yes/No)	Amount underwritten by company

6. Please detail below any failed or incomplete transactions:

Appendix C: Insurance/Pensions/Investments

(Insurance only) - In which classes of insurance does the Proposer operate? Please provide percentage split by revenue below:

Class of insurance	% of revenue

(Insurance only) - Are extra-contractual obligations covered under the Proposer's reinsurance treaty?

❑ Yes ❑ No

(Pensions only) - Please provide a percentage split of revenues derived from the following activities:

Pension administration:

Pension advice:

Pension trustee:

Pension product sales:

Other (please specify):

Please provide a percentage revenue split of the distribution of products:

Direct marketing:

Employees:

Tied agents:

IFAs:

Own internet site:

Third party internet platforms:

Other (please specify):

Does the Proposer have a procedure in place to monitor:

(a) Suitability of advice? ❑ Yes ❑ No

(b) Recurring complaints in respect of individual advisors/branches? ❑ Yes ❑ No

(c) Suitability of the sales process/channel? ❑ Yes ❑ No

(d) Recurring complaints in respect to products? ❑ Yes ❑ No

(e) Marketing literature? ❑ Yes ❑ No

Appendix D: Fund Management

1. Please provide a percentage split of funds under management invested in the areas identified below:

	Funds under management
Ireland	
UK	
Rest of Europe	
North America	
Latin America	
Far East, Middle East and Asia	
Australia	

2. Please provide a percentage split of funds under management by investor domicile for each fund:

Investor Domicile	Ireland	UK	Rest of Europe	USA/Canada	Elsewhere
Fund 1					
Fund 2					
Fund 3					

3. Please provide a percentage split of funds under management of the current investor base:

	% of funds under management
Institutional	
High Net Worth Individuals	
Retail	

4. Are there any plans to create, acquire or invest in any new fund within the next 12 months?

   If yes, please provide relevant details. ❑ Yes ❑ No

5. Has any Fund for which cover is required

   a) Received redemption requests amounting to more than 20% of the total value of the Fund? ❑ Yes ❑ No

   b) Imposed a suspension ❑ Yes ❑ No

   c) Had a drop in the Net Asset Value during any given 12 months exceeding 50% of its original Net Asset Value? ❑ Yes ❑ No

   d) Been restructured or is likely to be liquidated or restructured over the next 12 months? ❑ Yes ❑ No

6. Please provide details of the deal selection process and due diligence procedures involved prior to investment.

7. Does the Proposer provide net asset valuations on the funds administered or managed? ❑ Yes ❑ No

   If yes,

   a) are these independently verified by a third party? ❑ Yes ❑ No

   b) who is the third party? ❑ Yes ❑ No

   c) how regularly are these valuations made? ❑ Yes ❑ No

Please complete the attached List of fund entities for which coverage is requested:

Fund entities for insurance

Name of Fund	Date of Establishment	Country of Registration	Size of Fund	Investment term	Average Investment size	Gross Annualised Rate of Return	Leverage Average / Maximum	Investment Strategy

Appendix E: Trust Activities

1. Are trust services limited to purely administration services? ❑ Yes ❑ No

   If no, do these services include investment appraisal, investment advice, or investment management? ❑ Yes ❑ No

2. Please provide the value of:

   (a) total trusts under management:

   (b) asset value of the largest account:

   (c) highest fee:

3. What is the average length of trust experience for all trust officers?

4. Please indicate the percentage split of the trusts under management in the following territories:

	Current Year	Previous Year
(a) Ireland, UK and Europe	_____%	_____%
(b) Far East/Middle East/Asia	_____%	_____%
(c) Latin America	_____%	_____%
(d) North America.....	_____%	_____%

5. Is there a dual control over any material recommendations proposed by a trust officer? ❑ Yes ❑ No

6. Does the Proposer provide tax advice? ❑ Yes ❑ No

Appendix F: Trading

1. Please detail the following:

   (a) the percentage split in income between:

   (i) proprietary trading* ..... %

   (ii) third party trading ..... %:

   Please provide a split for third party trading:

   Advisory: ..... %

   Executionary: ..... %

   ** Proprietary trading is defined as dealing in investments as principal, i.e. for the Proposer's own account. It should not include the Proposer acting as a market maker.*

   (b) the percentage split in third party fee income derived from investments in:

   (i) listed securities ..... %

   (ii) unlisted securities ..... %

   (iii) debt instruments ..... %

   (iv) Real Estate / Property ..... %

   (v) Commodities ..... %

   (vi) Derivative instruments – hedging ..... %

   (vii) Derivative instruments – speculative ..... %

   (viii) Other (please specify): ..... %

2. What controls and procedures are in place in order to ensure the following?:

   (a) accuracy of transactions

   (b) trading limits are adhered to and monitored independently

   (c) timely recognition of any material trading losses

(d) breaches are identified immediately

(e) unauthorised trading or trade errors are detected immediately

3. Are all trading counter-parties periodically and independently monitored and approved for credit worthiness and limits on at least a monthly basis at least? ❑ Yes ❑ No

If no, please provide details:

4. Are all trades entered immediately? ❑ Yes ❑ No

If no, please specify time frame.

5. Does the Proposer allow remote trading? ❑ Yes ❑ No

If yes, please detail controls:

6. Are all trade confirmations (counter party side) independent from the trading function? ❑ Yes ❑ No

7. Is back office confirmation of trades with counter-parties done on the same day as the trade? ❑ Yes ❑ No

8. Please provide details of trade exception processing routines and related reporting of exceptions.

9. How often are trading records reconciled?

10. Are all "anomalies" (non-conforming trades) reported to the Risk Management department and internal audit? ❑ Yes ❑ No

11. Does the Proposer monitor employee trading accounts? ❑ Yes ❑ No

12. Does the Proposer's system monitor for any unusual trading activity e.g. churning, suitability, etc.? ❑ Yes ❑ No

13. Are all trading conversations recorded? ❑ Yes ❑ No

14. Does the Proposer offer on-line trading? ❑ Yes ❑ No
    (a) If yes, are all transactions recorded? ❑ Yes ❑ No
    (b) How long are records maintained?

15. Does the Proposer's computer system automatically identify & reject (or highlight) a transaction that is not with:
    (a) An approved counterparty? ❑ Yes ❑ No
    (b) Within an approved product line? ❑ Yes ❑ No

16. Does the Proposer maintain written authorization files for each trader which detail limit, product and counterparty? ❑ Yes ❑ No