

**Franchisor Insurance
Proposal Form**

Franchisor Insurance Proposal

Duty of Disclosure

This Policy is subject to the Insurance Contracts Act 1984. Under that Act you have a duty of disclosure.

Before you take out insurance with us, you have a duty to tell us of everything that you know, or could reasonably be expected to know, that is relevant to our decision to insure you and to the terms of that insurance. If you are not sure whether something is relevant you should inform us anyway. You have the same duty to inform us of those matters before you renew, extend, vary or reinstate your contract of insurance.

Your duty however does not require disclosure of matters that:

- Reduce the risk
- Are common knowledge
- We know or, in the ordinary course of our business, ought to know
- We have indicated we do not want to know

If you do not comply with your duty of disclosure, we may be entitled to:

- Reduce our liability for any claim
- Cancel the contract
- Refuse to pay the claim
- Avoid the contract from its beginning, if your non-disclosure was fraudulent

Claims Made and Notified Policy

This proposal is for a 'claims made' Policy. This means that the Policy covers you for claims made against you during the period of insurance specified in your Policy Schedule and notified to us during that period of insurance.

This means that the Policy does not provide cover in relation to:

- Events which occurred prior to the period of insurance or any earlier retroactive date stipulated in the Policy Schedule;
- Claims made against you after the expiry of the period of insurance even though the event giving rise to the claim may have occurred during the period of insurance;
- Claims arising from or attributable to any facts, circumstances or occurrences noted on the proposal for the current period of insurance or on any previous or of which notice had been given under any previous policy;
- Claims arising from or attributable to any facts, circumstances or occurrences of which you were aware and knew (or ought reasonably to have realised) prior to the commencement of the period of insurance may give rise to a claim.

Section 40(3) of the Insurance Contracts Act 1984 provides that an insurer is not relieved from liability under a contract of insurance in respect of a claim, given notice in writing to the insurer,

- of the 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, and
- Before the expiry of the period of insurance.

Waiver, Surrender of Rights, Contribution or Indemnity

We will not compensate you for any loss or damage that is covered by this Policy where;

- another person or party would be liable to compensate you, or hold you harmless, for part of or all that loss or damage; and
- You have agreed with that person or party, either before or after the inception of this Policy, that you will not seek recovery from them.

Privacy

Calliden Insurance Limited is committed to protecting the privacy of the personal information you provide us. Any personal information you give us will be treated in accordance with the Privacy Act 1988.

We require personal information about you to assess your request for insurance and to administer your Policy, and also to notify you about other of our services or promotions from time to time.

By submitting your personal information to us, you agree to us using and disclosing your personal information for these purposes. This consent to the use and disclosure of your personal information remains valid unless you alter or revoke it by giving us written notice.

For details of our Privacy Policy or to request access to or correct your personal information, please contact the Privacy Officer on 02 9551 1111 or by e-mail to privacy@calliden.com.au or by letter addressed to the Privacy Officer, Calliden Insurance Limited, PO Box 144, NSW 1590. Our Privacy Policy may also be viewed on our website www.calliden.com.au

About our Agent

General Security Australia Insurance Brokers Pty Ltd trading as Brooklyn Underwriting Pty Ltd ABN 11 123 406 922 AFSL 2348477 acts under a binding authority given to it by the insurer to administer and issue policies, alterations and renewals. In all aspects of this policy Brooklyn acts as an agent for the Insurer and not for you.

PLEASE ANSWER QUESTIONS FULLY, USE BLOCK LETTERS AND TICK APPROPRIATE BOXES

1.

- a. Franchisor
- b. ABN
- c. If you intend to claim an Input Tax Credit for the premium paid for this policy, please specify the percentage of the premium you will be claiming %
- d. Is this a "Pty Ltd" Company? Yes No

2. Franchisor's Main Office – Street Address

Suburb..... State..... Postcode:.....

Telephone..... Facsimile.....

Website..... Email Address

3. When was the Franchise established?

4. Please describe the industry/business activities of the Franchise:

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5. Please give details of current Directors / Principals of the Franchise:

Name	Age	Qualifications (Date to be obtained)	How long as Principal / Director of this Franchisor

6. Total of Number of Staff:

7.

- a. Are you a member of the Franchise Council of Australia Yes No
- b. Are there other professional organisations that your Franchisor belongs to? Yes No

If "Yes," please provide details:

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8. Please provide the names of external organisations advice / service to you in relation to Franchise agreements or with franchisee relationships:

- a. Law Firm / Legal Advisors
- b. Accounting Firm
- c. Other (please specify)

9.

a. Please describe the services you provide to your franchisees – please attach copies of any training or operating manuals, promotional or other material provided to franchisees

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b. Please advise the process for attracting and selecting franchisees- please attach copies of any application forms

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10.

a. Do you have a Franchise Disclosure Document? Yes No
If "Yes," please provide details of who prepared this

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b. Are prospective franchisees required to obtain independent legal and financial advice prior to signing any Franchise agreement? Yes No

c. Do franchisees sign a declaration stating that they have read and understood the franchise agreement? Yes No

d. Do you have a Compliance Officer? Yes No

If "Yes", please outline their compliance responsibilities and details of any work they perform for you

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11. For each Franchise, do you maintain records of:

- a. Date of first contact? Yes No
- b. Method of contact? Yes No
- c. Date and place of first personal meeting? Yes No
- d. Dates and places of all other contact? Yes No
- e. Identity of people who met with franchisee and subject discussed? Yes No
- f. Franchise applications? Yes No
- g. Investigative reports or tests regarding prospective franchises? Yes No
- h. Sales related correspondence? Yes No
- i. Identify and involvement of professional advisor/s to franchisee/s Yes No
- j. Are terms of Franchise agreements negotiated? Yes No
- k. Any negotiations of the terms of a Franchise agreement? Yes No
- l. Copies of all executed agreements negotiated? Yes No
- m. Properly completed signed receipts to all offering circulars and other disclosures Yes No
- n. Date/s any agreement/s were executed by each party? Yes No
- o. Amounts paid and date paid? Yes No
- p. Date/s and place/s training was commenced and completed? Yes No
- q. Evidence that franchisees successfully completed? Yes No
- r. Site selection and the franchisees involvement in this? Yes No
- s. Construction / Renovation any outlet and the franchisees role in this? Yes No Not Applicable
- t. Assistance in connection with the opening of the franchisees' business? Yes No Not Applicable

12.

a) Has the Franchise name ever changed? Yes No

If "Yes," please provide details:

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b) Have you even amalgamated/merged with any other Franchise or business? Yes No

If "Yes," please provide details:

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c) Have you purchased any other Franchise or business? Yes No

If "Yes," please provide details:

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13.

a) What is the process for determining financial models for franchisees?

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b) If this is outsourced do you give any indemnity to the entity that provided the modelling? Yes No

c) Are outsourced financial advisers required to carry professional indemnity insurance? Yes No

14.

a) Do you provide any form of finance to franchisees? Yes No

If "Yes," please provide details

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b) Do you provide any guarantee of income to be generated by the franchise? Yes No

If "Yes," please provide details

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15. Have you implemented the changes to your business as outlined in the Franchising Code of Conduct which were effective 1st March 2008? Yes No

Why, Why not

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16. Please provide details of the number of Franchises in each state:

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT	O/S
Last Year									
This Year									
Next Year Estimated									
TOTAL									

If you have overseas franchises, please provide details of the numbers in the respective countries

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i. Do you grant territorial rights to the franchisee? Yes No

ii. What is the process for determining how franchise locations are determined?

17. Are any of the locations in 15 above, owned / operated by the Franchisor Yes No

If "Yes," how many?

18. Please state the gross consolidated turnover from the Franchise:

- a. For the current financial year (estimated): \$
- b. For the prior financial year: \$
- c. Fee income for the last 12 months from the sale
 Management and marketing of franchisees \$

19. Please state the:

- a. Current valuation of the Franchisor's total assets: \$
- b. Current valuation of the Franchisor's total liabilities \$

Enquiry should be made of all relevant staff before answering these questions

20. Have there been any claims made against the Company or its Directors or Employees
 which may have been covered under this policy if it were in force? Yes No

If you answered "Yes" please advise full details including amounts paid for the claims and/or their outstanding estimates on a separate attachment.

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21. Has any Director or Officer of the company ever:

- a. Has proceedings (civil or criminal) instigated against them alleging misconduct or breaches of the law in their capacity as a Director or Officer of a company? Yes No
- b. Been declared bankrupt or entered into receivership or deed of assignment, composition of scheme of arrangements with creditors? Yes No

22. Has the Company or Partner/Principal/Director ever been subject to any disciplinary action, fined or penalised, been the subject of an inquiry investigating or alleging professional misconduct? Yes No

If you answered “Yes” to any of the questions from Questions 20 to Question 22 please supply full details using a separate attachment

23. Are any of the Directors or Employees of the Company aware of:

- a. Any facts that might give rise to a Claim being made against the Company or its Directors of Employees which may be covered under this policy if it commences? Yes No

24. What are your dispute resolution procedures?

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25. Have you ever had a dispute with a franchisee? Yes No

If you answered “Yes,” please provide details of the dispute and how it was resolved. If still pending please provide details of what actions have been taken.

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26.

a. To your knowledge are any of the franchises currently in default/breach of their agreement?

Yes No

If "Yes," please provide details:

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b. Please advise your process for terminating a franchise agreement if the franchisee is in breach of the franchise agreement. Please include in your answer detail of how much time you provide the franchisee to remedy the breach?

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27. Fidelity – Fraud Prevention Controls

Do the Company segregate duties do that no one individual can control any of the following activities from commencement to completion without referral to others?

- a. Signing cheques, authorising payments or issuing funds transfer instructions above \$5,000 Yes No
- b. Refund of monies or return of goods above \$5,000 Yes No
- c. Reconciling bank statements Yes No

28. What Fidelity Cover sub-limit(s) do you require quotations for?

\$50,000 \$100,000 more than \$100,000* Cover not required

**To apply for Fidelity cover over \$100,000 you will need to complete an addendum to this proposal*

29. Do you want the policy to provide cover for claims arising out of the actual alleged insolvency of the Company? Yes No

If "Yes", please attach copy of your most current audited financials

30. Has an Insurer ever refused to insure, cancelled or refused to renew an insurance policy for the Company? Yes No

If "Yes", please provide details:

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31. Employment Practices Liability – Human Resources Management

Does the Company use application forms as part of the employment process? Yes No

Does the Company check references of potential employees and contractors? Yes No

Does the Company distribute employment handbooks/policies to all employees? Yes No

Does the Company have written workplace policies in relation to:

The handling and resolution of complaints by employees? Yes No

Investigative reports or tests regarding prospective franchisees? Yes No

Discrimination? Yes No

Sexual harassment? Yes No

Equal opportunity? Yes No

32. Are you currently insured for Professional Indemnity or Management Liability insurance? Yes No

If "Yes", Please advise:

Professional Indemnity Current Insurer Expiry Date / /

Limit of Indemnity: \$ Premium: \$

Management Liability Current Insurer Expiry Date / /

Limit of Indemnity: \$ Premium: \$

33. Has the Franchisor ever had any Insurer decline a proposal, impose any special terms, cancel or refuse to renew a Professional Indemnity or Management Liability Insurance Policy? Yes No

34. Amount of Indemnity required

\$1 million \$2 million \$5 million other

35. Amount of excess you are prepared to carry

\$10,000 \$15,000 \$25,000 Other

Stamp Duty Spilt

36. For the purpose of calculating Stamp Duty please confirm the location of the Company's staff number as follows:

NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Overseas

DECLARATION

This declaration must be completed and signed by all parties applying for insurance or on their behalf by someone authorised to complete and sign this application.

I/we declare that:

- The answers and information given by me/us in this application are true and correct in all respects and that no material information has been withheld
- Where answers in this application are not in my/own handwriting, they have been checked by me/us and I/we agree they are correct
- I/we have read and understood the clauses detailed under the Important Notices section on page 1 of this proposal
- If there was insufficient space to fully answer any questions, we have attached supplementary pages providing the additional information required.

Signature:

Date:/...../.....

Title:

PLEASE ATTACH THE FOLLOWING AS PART OF THIS PROPOSAL FORM:

- **FRANCHISE AGREEMENT**
- **DISCLOSURE DOCUMENT**
- **ANY OTHER INFORMATION PROVIDED TO FRANCHISEES**