

# Application

## INVESTMENT MANAGEMENT INSURANCE

FL- 034 IMI



IF A POLICY IS ISSUED, IT WILL BE ON A CLAIMS-MADE BASIS

NOTICE: THE LIMIT OF LIABILITY AVAILABLE TO PAY JUDGEMENTS OR SETTLEMENTS SHALL BE REDUCED BY AMOUNTS INCURRED FOR DEFENSE COSTS. AMOUNTS INCURRED FOR DEFENSE COSTS SHALL BE APPLIED AGAINST THE RETENTION AMOUNT.

IF A POLICY IS ISSUED THE PROPOSAL FORM IS ATACHED TO AND MADE A PART OF THE POLICY SO IT IS NECESSARY THAT ALL QUESTIONS BE ANSWERED IN DETAIL.

### I. GENERAL INFORMATION (MUST BE COMPLETED):

1. (A) NAME OF INSURED(S): \_\_\_\_\_

(B) ADDRESS: \_\_\_\_\_

2. (A) LIMIT OF LIABILITY REQUESTED: \$ \_\_\_\_\_ AGGREGATE

(B) RETENTION REQUESTED: \$ \_\_\_\_\_

3. (A) HAS ANY INSURED BEEN INVOLVED IN ANY MERGERS, ACQUISITIONS AND/OR CONSOLIDATIONS DURING THE PAST THREE YEARS? YES [ ] NO [ ]

(B) ARE ANY PLANS FOR MERGER, ACQUISITION OR CONSOLIDATIONS BEING CONSIDERED? YES [ ] NO [ ]

(C) IF SO, HAVE THEY BEEN APPROVED BY THE BOARD OF DIRECTORS? YES [ ] NO [ ]

(D) IF SO, HAVE THEY YES [ ] NO [ ]

4. IS ANY INSURED AUTHORIZED UNDER THE FINANCIAL SERVICES ACT OF 1986 TO CONDUCT INVESTMENT SERVICES IN THE UNITED KINGDOM? IF SO, WITH WHICH AUTHORITY? \_\_\_\_\_

5. IS COVERAGE DESIRED FOR ANY ENTITY RELATED TO ANY INSURED? IF SO, PLEASE STATE THE ENTITY AND DESCRIBE ITS FUNCTION AND RELATIONSHIP: \_\_\_\_\_

6. PLEASE PROVIDE THE FOLLOWING FOR PRE-EXISTING INSURANCE POLICIES, ADDITIONALLY PLEASE NOTE IF THE ADVISOR/MANAGER AND THE INVESTMENT TRUSTS ARE INSURED BY THE SAME POLICY:

|                                   | INSURER | LIMIT | TERM  | PREMIUM |
|-----------------------------------|---------|-------|-------|---------|
| A) DIRECTORS' OFFICERS LIABILITY: | _____   | _____ | _____ | _____   |
| ADVISOR/MANAGER                   | _____   | _____ | _____ | _____   |
| INVESTMENT TRUSTS                 | _____   | _____ | _____ | _____   |
| B) PROFESSIONAL INDEMNITY         | _____   | _____ | _____ | _____   |
| ADVISOR/MANAGER                   | _____   | _____ | _____ | _____   |
| INVESTMENT TRUSTS                 | _____   | _____ | _____ | _____   |
| C) FIDELITY BONDS:                | _____   | _____ | _____ | _____   |
| ADVISOR/MANAGER                   | _____   | _____ | _____ | _____   |
| INVESTMENT TRUSTS                 | _____   | _____ | _____ | _____   |
| D) OTHER SIMILAR INSURANCE:       | _____   | _____ | _____ | _____   |
| ADVISOR/MANAGER                   | _____   | _____ | _____ | _____   |
| INVESTMENT TRUSTS                 | _____   | _____ | _____ | _____   |

E) PLEASE DESCRIBE THE LOSS HISTORY OF THE INSURANCE LISTED ABOVE, IF NONE, SO STATE: \_\_\_\_\_

F) HAS ANY INSURER REFUSED, CANCELLED OR NON-RENEWED THE ABOVE LISTED INSURANCE POLICIES? YES [ ] NO [ ]

If yes, please explain: \_\_\_\_\_

7. PLEASE IDENTIFY THE FOLLOWING INSURING CLAUSES FOR WHICH INSURANCE IS BEING APPLIED

- INSURING CLAUSE A -INVESTMENT ADVISOR/MANAGER PROFESSIONAL LIABILITY AND CORPORATE REIMBURSEMENT. YES [ ] NO [ ]
- INSURING CLAUSE B -INVESTMENT TRUST COMPANY/UNIT INVESTMENT TRUST PROFESSIONAL LIABILITY AND DIRECTORS AND OFFICERS LIABILITY AND CORPORATE REIMBURSEMENT. YES [ ] NO [ ]
- INSURING CLAUSE C -DIRECTORS AND OFFICERS LIABILITY AND CORPORATE REIMBURSEMENT. YES [ ] NO [ ]

II. INSURING CLAUSE A : INVESTMENT ADVISOR PROFESSIONAL LIABILITY (COMPLETE ONLY IF COVERAGE IS DESIRED) :

1. ATTACH COPIES OF FOLLOWING :

- (A) INSURED 'S LATEST AUDITED ANNUAL REPORT;
- (B) COPY OF BROCHURE AND SAMPLE CONTRACT OFFERED TO CLIENTS;
- (C) INFORMATION INDICATING OVERALL PORTFOLIO PERFORMLANCE FOR PAST FIVE YEARS AND INCLUDE COMPARATIVE RESULTS TO UK INDICES;
- (D) PROSPECTUS AND AUDITED ANNUAL REPORT FOR EACH INVESTMENT TRUST FOR WHICH THE INSURED ACTS AS THE INVESTMENT MANAGER;
- (E) COMPLETE ADV REPORT PARTS I AND II (AS FILED WITH THE SEC) IF REGISTERED IN THE UNITED STATES;
- (F) LIST OF INSURED SUBSIDIARIES AND RELATED ENTITIES

2. YEAR INVESTMENT ADVISORY OPERATIONS COMMENCED: \_\_\_\_\_

3. DOES THE INSURED HAVE A PARENT (OWNERSHIP AT MORE THAN 50% OF THE INSURED)? YES [ ] NO [ ]  
If "Yes", please attach the parents audited annual report.

4. CURRENT YEAR, 20 \_\_\_\_\_ PREVIOUS YEAR, 20 \_\_\_\_\_

- (A) TOTAL ASSET VALUE OF ALL ACCOUNTS MANAGED: \_\_\_\_\_
- (B) ASSET VALUE OF THE LARGEST ACCOUNT : \_\_\_\_\_
- (C) TOTAL NUMBER OF ACCOUNTS LOST LAST 12 MONTHS: \_\_\_\_\_  
TOTAL VALUE OF LOST ACCOUNTS LAST 12 MONTHS: \_\_\_\_\_
- (D) PERCENTAGE OF ACCOUNTS FOR WHICH THE INSURED ACTS AS CUSTODIAN: \_\_\_\_\_
- (E) MINIMUM VALUE OF ACCOUNTS ACCEPTED AS NEW ACCOUNTS: \_\_\_\_\_

5. COMPLETE FOR ALL THOSE ACCOUNTS FOR WHICH THE INSURED ACTS AS INVESTMENT ADVISER/MANAGER:

|   | MARKET ASSET VALUE | NUMBER OF ACCOUNTS |
|---|--------------------|--------------------|
| A. DISCRETIONARY ACCOUNTS                   | _____              | _____              |
| PENSION EMPLOYEE BENEFIT PLANS              | _____              | _____              |
| INVESTMENT TRUST COMPANIES UNIT             | _____              | _____              |
| INVESTMENT TRUSTS                           | _____              | _____              |
| REITS/REAL ESTATE TRUSTS ALL OTHER ACCOUNTS | _____              | _____              |
| TOTAL BOOK VALUE OF ALL ACCOUNTS            | _____              | _____              |
| B. NON-DISCRETIONARY ACCOUNTS               | _____              | _____              |
| PENSION EMPLOYEE BENEFIT PLANS              | _____              | _____              |
| ALL OTHER ACCOUNTS                          | _____              | _____              |
| TOTAL BOOK VALUE OF ALL ACCOUNTS            | _____              | _____              |

6. DOES THE INSURED ACT AS AN INVESTMENT ADVISER IN THE UNITED STATES OR CANADA OR REGISTERED WITH THE SEC UNDER THE INVESTMENT ADVISORS ACT OF 1940? YES [ ] NO [ ]

7. A) MAY CLIENTS SELECT THEIR OWN BROKERS FOR EXECUTIONS OF TRANSACTIONS? YES [ ] NO [ ]  
B) ARE CLIENT TRANSACTIONS EXECUTED BY "IN-HOUSE" BROKER-DEALER? YES [ ] NO [ ]  
If "YES", please provides the name.

8. A) DOES THE APPLICANT RECOMMEND INVESTMENTS IN SPECIALTY AREAS OTHER THAN COMMONLY TRADED SECURITIES? YES [ ] NO [ ]  
(Specialty areas include commodity futures, real estate, options, private placements, unregistered securities, direct placements, oil and gas joint ventures, foreign securities, limited partnerships of any type).  
B) IF YES, PLEASE ATTACH A DESCRIPTION OF (1) THE SPECIALTY AREA. (2) STATE ITS PERCENTAGE OF TOTAL ASSETS UNDER MANAGEMENT AND (3) AS A PERCENTAGE OF EACH ACCOUNT SPECIFIED IN QUESTIONS 5 (A)(B).

9. DOES THE APPLICANT HAVE PROCEDURES FOR DECISIONS AND EXECUTIONS WHEN A PORTFOLIO MANAGER IS NOT AVAILABLE? YES [ ] NO [ ] If "Yes", what is procedure? \_\_\_\_\_

10. A) ANNUAL FEES FOR INVESTMENT ADVISORY SERVICES : any other income (annual total) \_\_\_\_\_

B) EXPLAIN SOURCES OF OTHER INCOME: \_\_\_\_\_

11. DESCRIBE HOW THE INSURED PROTECTS ITSELF FROM THE LIABILITIES OF A PREVIOUS INVESTMENT ADVISOR THAT IT SUCCEEDS?  
 \_\_\_\_\_

**III. INSURING CLAUSE B:**

INVESTMENT TRUST COMPANY/UNIT INVESTMENT TRUST PROFESSIONAL LIABILITY AND EXECUTIVE INSURED LIABILITY AND CORPORATE REIMBURSEMENT (COMPLETE ONLY IF COVERAGE IS DESIRED):

1. FOR EACH INVESTMENT TRUST/UNIT TRUST FOR WHICH INSURANCE IS APPLIED, PLEASE ATTACH THE FOLLOWING:

- A) LATEST PROSPECTUS
- B) LATEST ANNUAL REPORT AND QUARTERLY REPORT

| 2. | A) NAME OF EACH TRUST | TOTAL ASSETS CURRENT YEAR, 200 | TOTAL ASSETS PREVIOUS YEAR, 200 |
|----|-----------------------|--------------------------------|---------------------------------|
|    |                       |                                |                                 |
|    |                       |                                |                                 |
|    |                       |                                |                                 |

B) PLEASE PROVIDE THE NAME AND ADDRESS OF:

- 1) THE ADVISOR: \_\_\_\_\_
- 2) SUB-ADVISOR, IF ANY: \_\_\_\_\_
- 3) GENERAL DISTRIBUTOR: \_\_\_\_\_
- 4) FIRM PERFORMING GENERAL SHAREHOLDER ACCOUNTING SERVICES: \_\_\_\_\_

3. A) HAVE THERE BEEN ANY CHANGES OR MODIFICATIONS IN THE INVESTMENT RESTRICTIONS OR LIMITATIONS OF ANY INVESTMENT TRUST/UNIT TRUST DURING THE PAST TWO (2) YEARS? YES [ ] NO [ ] if "Yes", please give full details;

B) HAVE THERE BEEN ANY MATERIAL CHANGES IN THE ADMINISTRATIVE OPERATIONS OR INVESTMENT POLICIES OF ANY INVESTMENT TRUST/UNIT TRUST DURING THE PAST TWO (2) YEARS? YES [ ] NO [ ] if "Yes", please give full details;

4. STATE CRITERIA USED IN SELECTING INSTITUTIONS APPROVED FOR PURCHASE AGREEMENTS, REVERSE REPURCHASE AGREEMENTS AND LENDING OF SECURITIES WHEREIN THESE INVESTMENTS COMPRISE MORE THAN 25% OF ANYONE INVESTMENT TRUST/UNIT TRUST ASSETS. (Please attaches list of institutions).  
 \_\_\_\_\_

5. DO THE DIRECTORS, OFFICERS, PARTNERS AND TRUSTEES (AS A GROUP) OF THE FUNDS OR THEIR INVESTMENT ADVISERS/MANAGERS OWN MORE THAN 5% OF THE OUTSTANDING SHARES OF ANY OF THE INVESTMENT TRUSTS/UNIT TRUSTS? YES [ ] NO [ ]

If "Yes", please give full details; \_\_\_\_\_

6. ARE ANY PORTFOLIO TRANSACTIONS EXECUTED BY AN "IN-HOUSE" BROKER? YES [ ] NO [ ] If "Yes", please give name of in-house broker.  
 \_\_\_\_\_

| 7.  | ADVISOR | TRUSTS         |
|---|---------|----------------|
| A) STATE THE FREQUENCY OF AUDITS BY EXTERNAL AUDITORS:        | _____   | _____          |
| B) STATE THE SIZE OF THE INTERNAL AUDIT STAFF:                | _____   | _____          |
| C) STATE YEARS OF AVERAGE EXPERIENCE OF INTERNAL STAFF AUDIT: | _____   | _____          |
| D) STATE THE FREQUENCY OF AUDITS BY INTERNAL AUDITORS         | _____   | _____          |
| E) HAVE ALL CRITICISMS AUDITORS REVIEW BEEN CORRECTED?        | _____   | _____          |
| FROM THE LAST EXTERNAL AUDITORS REVIEW AND INTERNAL           |         | YES [ ] NO [ ] |
| If "No", please attach plans for correction                   |         |                |

**IV. INSURING CLAUSE C:**

DIRECTORS AND OFFICERS LIABILITY AND CORPORATE REIMBURSEMENT (NOT APPLICABLE TO FUNDS) (COMPLETE ONLY IF INSURANCE IS DESIRED):

1. ATTACH COPIES OF THE FOLLOWING:

- A) LATEST ANNUAL REPORT.
- B) LATEST 10K REPORT FILLED WITH SEC (IF THE COMPANY IS PUBLICLY TRADED IN THE UNITED STATES).
- C) LATEST INTERIM FINANCIAL STATEMENT AVAILABLE.
- D) CERTIFIED COPY OF THE INDEMNIFICATION PROVISIONS OF THE CHARTER AND THE BYE LAWS OR PARTNERSHIP AGREEMENT.  
ALSO ATTACH A COPY OF ANY STANDARD INDEMNIFICATION AGREEMENT.

2. LIST OF ENTITIES (ADVISOR/MANAGER, SUBSIDIARIES AND INVESTMENT TRUST/UNIT TRUSTS) FOR WHICH COVERAGE IS DESIRED:

| NAME | BUSINESS OR TYPE OF PERATION | OWNED BY | PERCENTAGE OF OWNERSHIP | DATE ACQUIRED | DOMESTIC OR FOREIGN |
|------|------------------------------|----------|-------------------------|---------------|---------------------|
|      |                              |          |                         |               |                     |
|      |                              |          |                         |               |                     |
|      |                              |          |                         |               |                     |
|      |                              |          |                         |               |                     |
|      |                              |          |                         |               |                     |

3. A) ANNUAL SALES :

B) NET WORTH: \_\_\_\_\_

C) TOTAL ASSETS: \_\_\_\_\_

4. INSURED HAS CONTINUALLY BEEN OPERATING SINCE: \_\_\_\_\_

5. SHARE OWNERSHIP

A) TOTAL NUMBER OF ORDINARY SHARES OUTSTANDING: \_\_\_\_\_

B) TOTAL NUMBER OF ORDINARY STOCK SHAREHOLDERS: \_\_\_\_\_

C) TOTAL NUMBER OF ORDINARY SHARES OWNED BY ITS DIRECTORS AND OFFICERS (DIRECT AND BENEFICIAL) : \_\_\_\_\_

D) IN THE EVENT ANY SHAREHOLDER OWNS 5% OR MORE OF THE COMMON SHARES DIRECTLY OR BENEFICIALLY. DESIGNATE NAME AND PERCENTAGE OF HOLDINGS: \_\_\_\_\_

E) PLEASE DESIGNATE IF THERE ARE ANY OTHER SECURITIES CONVERTIBLE TO COMMON STOCK. If so, describe fully:  
\_\_\_\_\_

6. COMPLETE LIST OF ALL DIRECTORS AND OFFICERS OF PARENT COMPANY.

| NAME  | TITLE |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

7. DOES THE INSURED ANTICIPATE ANY NEW PUBLIC OFFERING OF SECURITIES OR ANY REGISTRATION OF SECURITIES WITHIN THE NEXT YEAR?

YES [ ] NO [ ]

If "Yes" give details and submit prospectus. \_\_\_\_\_

**V. ALL INSURING CLAUSES**

THE FOLLOWING APPLIES TO ALL INSURING CLAUSES FOR WHICH NEW HAMPSHIRE INSURANCE COMPANY ISSUES COVERAGE TO THE INSURED(S) HEREIN:

A. HAS ANY INSURED OR ANY OF ITS DIRECTORS, OFFICERS, PARTNERS, TRUSTEES, OR EMPLOYEES BEEN INVOLVED IN OR HAVE THEY AN KNOWLEDGE OF ANY FACT OR CIRCUMSTANCES INVOLVING THE FO11OWILLG WHICH MAY GIVE RISE TO A CLAIM UNDER THE PROPOSED POLICY?  
YES [ ] NO [ ]

BEEN CHARGED IN ANY CIVIL OR CRIMINAL ACTIONS OR ADMINISTRATIVE PROCEEDING WITH ANY VIOLATION OF ANY LAWS REGULATING COMPETITION, FAIR TRADE LAWS, SECURITIES LAWS REGULATION, AND COPYRIGHT LAWS OF PATENT LITIGATION? YES [ ] NO [ ]

BEEN INVOLVED IN ANY REPRESENTATIVE ACTIONS, CLASS ACTIONS OR DERIVATIVE SUITS? YES [ ] NO [ ]

- B. DOES ANY INSURED OR ANY OF ITS DIRECTORS, OFFICERS, PARTNERS, TRUSTEES OR EMPLOYEES HAVE ANY KNOWLEDGE OF ANY FACT OR CIRCUMSTANCE WHICH MIGHT GIVE RISE TO A CLAIM UNDER THE PROPOSED INSURING CLAUSE? YES [ ] NO [ ]
- C. HAS ANY CLAIM BEEN BROUGHT AGAINST ANY INSURED OR ANY OF ITS DIRECTORS, OFFICERS, TRUSTEES, OR EMPLOYEES? YES [ ] NO [ ]  
(If any sections of Question (A) (B) or (C) are answered "Yes" please attach full details).

IT IS AGREED THAT IF SUCH KNOWLEDGE EXISTS ANY CLAIM ARISING FROM SUCH FACT OR CIRCUMSTANCES WILL NOT BE COVERED BY THE POLICY.

THE UNDERSIGNED AUTHORISED OFFICER OF THE INSURED DECLARES THAT WITH RESPECT TO EACH INSURANCE CLAUSE APPLIED FOR HEREIN, THE STATEMENTS SET FORTH HEREIN ARE TRUE. THE UNDERSIGNED AUTHORIZED OFFICER AGREES THAT IF THE INFORMATION SUPPLIED ON THIS PROPOSAL FORM CHANGES. BETWEEN THE DATE OF THIS PROPOSAL FORM AND THE EFFECTIVE DATE OF THE INSURANCE, HE/SHE (UNDERSIGNED) WILL IMMEDIATELY NOTIFY THE INSURER OF SUCH CHANGES, AND THE INSURER MAY WITHDRAW ANY OUTSTANDING QUOTATIONS AND/OR AUTHORIZATION OR AGREEMENT TO BIND THE INSURANCE.

THE INSURED HEREBY ACKNOWLEDGES THAT HE/SHE IS AWARE THAT THE LIMIT OF LIABILITY CONTAINED IN THIS POLICY SHALL BE REDUCED, AND MAY BE COMPLETELY EXHAUSTED, BY THE COSTS OF LEGAL DEFENSE OR THE AMOUNT OF ANY JUDGEMENT OR SETTLEMENT TO THE EXTENT THAT SUCH EXCEEDS THE LIMIT OF LIABILITY OF THIS POLICY.

THE INSURED HEREBY FURTHER ACKNOWLEDGES THAT HE/SHE IS AWARE THAT LEGAL DEFENSE COSTS THAT ARE INCURRED SHALL BE APPLIED AGAINST THE DEDUCTIBLE AMOUNT.

SIGNING OF THIS PROPOSAL FORM DOES NOT BIND THE PROPOSER NOR THE INSURER TO COMPLETE THE INSURANCE, BUT IT IS AGREED THAT THIS FORM SHALL BE THE BASIS OF THE CONTRACT SHOULD A POLICY BE ISSUED, AND IT WILL BE ATTACHED T.O AND BECOME PART OF THE POLICY.

NOTICE: ANY PERSON WHO KNOWINGLY AND WITH THE INTENT TO DEFRAUD PROVIDES FALSE INFORMATION IN AN INSURANCE APPLICATION, OR PRESENTS, ASSISTS, OR MAKES A FRAUDULENT CLAIM FOR THE PAYMENT OF A LOSS OR OTHER BENEFIT, OR PRESENTS MORE THAN ONE CLAIM FOR THE SAME INCIDENT OF DAMAGE OR LOSS, WILL COMMIT A FELONY AND IF CONVICTED WILL BE SENTENCED FOR EACH VIOLATION WITH A FINE OF NO LESS THAN FIVE THOUSAND (\$5,000) DOLLARS AND NOT EXCEEDING TEN THOUSAND (\$10,000) DOLLARS, OR BE SENTENCED TO IMPRISONMENT FOR A THREE (3) YEAR TERM, OR BOTH PENALTIES. IN THE EVENT OF AGGRAVATING CIRCUMSTANCES, THE TERM COULD BE INCREASED TO A MAXIMUM OF FIVE (5) YEARS; IN THE EVENT OF INTERVENING EXTENUATING CIRCUMSTANCES IT COULD BE REDUCED UP TO A MINIMUM OF TWO (2) YEARS.

ALL WRITTEN STATEMENTS AND MATERIALS FURNISHED TO THE INSURER IN CONJUNCTION WITH THIS APPLICATION ARE HEREBY INCORPORATED BY REFERENCE INTO THIS PROPOSAL FORM AND MADE A PART HEREOF.

SIGNED: \_\_\_\_\_

DATED: \_\_\_\_\_

TITLE: \_\_\_\_\_

(Must be signed by the Chairman of the board or the president if a corporation, general partner if a partnership).

AIG Insurance Company-Puerto Rico  
250 Muñoz Rivera Ave., Suite 500, Hato Rey, PR 00918,  
PO Box 10181, San Juan, Puerto Rico 00908-1181  
TEL: 787.767.6400  
www.aig.com.pr