



POLICY OF INSURANCE

SMSF Trustee Administrative Penalties Insurance and SMSF Tax Audit Insurance

• Who we are

The Hollard Insurance Company Pty Ltd (Hollard), ABN 78 090 584 473, is an Australian licensed insurer, regulated by the Australian Prudential Regulation Authority and licensed by the Australian Securities and Investments Commission, AFS Licence No. 241436. Hollard is the insurer and is responsible for this policy.

CoreSuper Insurance Pty Ltd (CoreSuper), ACN 615 287 422, is an Authorised Representative of Hollard (AR No.001254962). Hollard has provided authority to CoreSuper to enter into and administer this insurance including handling and settling claims under this policy as agent for the insurer.

• Who is covered under this policy?

SMSF Owners' Alliance Limited (trading as SISFA) (SISFA) ABN 96 161 052 464, is the insured under this policy.

Hollard and SISFA have agreed that in accordance with Section 48 of the Insurance Contracts Act 1984, policy coverage under this contract of insurance is extended to certain current financial members of SISFA, as defined more fully in the Definitions Section within this policy.

Members of this defined group will have a right to recover under this insurance. This right is subject to that member being within the defined group. The benefit(s) under this policy will not exceed the coverage provided to SISFA and is on the same obligations, conditions and exclusions set out in this policy.

Eligibility for coverage under this insurance is conditional on a successful application for membership, including the completion of a circumstance and claims declaration as part of the membership. Neither Hollard nor CoreSuper are parties to the membership application process.

Any member who wishes to exercise a right to recover from Hollard under this policy needs to read this document carefully because the insurance cover provided is subject to terms and conditions. We rely on members to read this document. As a member, you represent to us that you have done so and that you agree to be bound by the terms and conditions of the insurance.

Claims Made Policy – Notice in accordance with Section 40 of the Insurance Contracts Act, 1984

This policy is a 'claims made and notified' liability insurance policy. This means that the policy only covers claims which arise from circumstances committed, or alleged to have been committed, after the retroactive date shown in the Insurance Certificate and notified during the policy period.

In accordance with Section 40(3) of the Insurance Contracts Act 1984, if the insured becomes aware during the policy period of any insured occurrence or fact which may give rise to a claim under this policy, then provided this is notified to CoreSuper before the end of the policy period Hollard may not refuse indemnity in respect of any claim arising, notwithstanding the policy period has expired. This right arises under legislation.

• What does the insurance cover?

This insurance policy provides cover to:

- Individual Trustees or Corporate Trustees of Self-Managed Superannuation Funds (SMSF) for administrative penalties incurred under Section 166 of the Superannuation Industry (Supervision) Act 1993 (SISA).
- SMSFs for costs incurred in preparing for an Australian Taxation Office directed compliance and tax audit.

Full details of these two covers are more fully described in Sections 1 and 2 below.

• Cost of this insurance

SISFA pays the premium, taxes and government charges (costs) to Hollard for this policy. Coverage is extended to financial members as a benefit of membership of SISFA. A portion of membership fees paid by members to SISFA is used to pay these costs.

• Policy of insurance

This policy sets out the terms, conditions and exclusions on which Hollard, as insurer, agrees to insure SISFA financial members in consideration of payment of premium by SISFA. When reading the policy please note that some words are specifically defined. There is a list of these defined words in the Definitions Section with this policy.

• Section 1 - SMSF Trustee administrative penalty cover

Hollard agrees to indemnify members of SISFA for administrative penalties levied against them under Section 166 of the Superannuation Industry (Supervision) Act 1993 provided that the financial member has notified CoreSuper of the claim during the policy period and it arises from the member acting in a professional capacity as an Individual Trustee or Corporate Trustee of a Self-Managed Superannuation Fund.

• Limit of indemnity

The maximum we will pay in respect of any claim(s) for an Individual Trustee or Corporate Trustee, in any one policy period, is limited and shown in the Insurance Certificate, subject to the payment of an excess of \$500 which will be deducted from any claim payment to a member.

The limit shown on the Insurance Certificate is the total limit of Hollard's indemnity to each member in respect of their claims referable to the policy period.

With the exception of coverage under Section 2 of this policy, there is no coverage for professional or any other costs of a member complying with any direction or inquiry by the Australian Tax Office, (ATO), preparing or corresponding with the ATO or defending any alleged breach under the SISFA legislation including compliance costs with an education notice issued by the ATO.

• Exclusions

Hollard will not pay any claim under Section 1 arising from:

- previously known facts or circumstances which a member is aware of, which breaches the SISA legislation and/or may lead to an audit by the ATO resulting in an administrative penalty under Section 166 of SISA;
- facts actual, or alleged, which were known or ought reasonably to have been known to the member prior to the commencement of the policy period if the member knew that those facts or circumstances might give rise to a claim;
- actual or alleged facts which could have been, or can still be, notified under any other insurance existing prior to the commencement of the policy period;

- fact or matter referred to in the member's proposal (incorporated in SISFA's application for membership), or notified under any previous similar insurance that was in place prior to the commencement of the policy period;
- fraudulent, dishonest and wilful conduct by a member which may give rise to a claim under SISA legislation or which is in any way connected with the member:
 - gaining any personal profit or advantage to which they were not legally entitled,
 - having improperly benefited from any securities transaction as a result of information that is/was not available to other sellers or purchases of such securities,
 - committing any dishonest, fraudulent, criminal or malicious act, or
 - committing any wilful violation or wilful breach of any statute or regulation.

This exclusion will only apply if a judgement establishes that the relevant conduct did in fact occur or if there is any admission to the relevant conduct by the member;

- any administrative penalty arising out of, or is in any way connected with;
 - a refusal or failure to comply with any request made by the ATO; or
 - a member causing any improper, unwarranted or unjustified delay.

• Conditions

The following conditions apply to Section 1:

Notification must be given to CoreSuper within 28 days of the receipt of notification from the ATO that a breach under the SISA legislation may have occurred, which may result in an administrative penalty under Section 166 of the SISA.

CoreSuper retains the right to seek clarification from the ATO in relation to any investigation relating to a breach of SISA legislation where an administrative penalty under Section 166 of SISA may arise.

In the event that CoreSuper seeks to correspond with the ATO in these circumstances, the member must provide an appropriate authority required by the ATO to enable CoreSuper to enter into discussions with the ATO in relation to any such investigation.

• Section 2 - SMSF Compliance and Tax Audit Costs cover

Hollard agrees to indemnify an insured SMSF for the reasonable and necessary professional costs incurred by the SMSF in responding to an audit or investigation by the ATO that is first notified during the policy period. We only do this if the audit relates to the SMSF's liability to pay tax or a compliance breach of the Subsections listed (Items 1 to 17) within Section 166 of SISA and the Individual Trustee(s) or Corporate Trustee(s) of the SMSF being audited is/are financial members of SISFA.

• Limit of indemnity

The maximum we will pay in respect of any claim(s) under Section 2 in any one policy period, is limited and shown on the Insurance Certificate, subject to the payment of an excess of \$500 which will be deducted from any claim payment on behalf of the SMSF.

The limit shown on the Insurance Certificate is the total limit of Hollard's indemnity to each SMSF during a policy period, regardless of how many members are retained by that SMSF as either Individual Trustees or Corporate Trustees.

With the exception of coverage under Section 1 of this policy, there is no coverage for any fine or penalty levied by the ATO arising from such tax audit or any Civil Penalties, (or criminal consequences) under Part 21 of SISA.

• Exclusions

Hollard will not pay any claim under Section 2 arising from:

- Previously known facts or circumstances which a SMSF is aware of which may lead to an audit by the ATO;
- Facts actual, or alleged, which were known or ought reasonably to have been known to the member engaged by the SMSF prior to the commencement of the policy period if the member knew that those facts or circumstances might give rise to a claim;
- Actual or alleged facts which could have been notified under any other insurance existing prior to the commencement of the policy period or which still can;
- Fact or matter referred to in the member's proposal, (incorporated in SISFA's application for membership), or notified under any previous similar insurance cover that was in place prior to the commencement of the policy period.
- Fraudulent, dishonest and wilful conduct by a member in their conduct as either an Individual Trustee or Corporate Trustee which may give rise to an ATO audit connected with:
 - gaining any personal profit or advantage to which they were not legally entitled;
 - having improperly benefited from any securities transaction as a result of information that is/was not available to other sellers or purchasers of such securities;
 - committing any dishonest, fraudulent, criminal or malicious act; or
 - committing any wilful violation or wilful breach of any statute or regulation.

This exclusion will only apply if a judgement establishes that the relevant conduct did in fact occur or if there is any admission to the relevant conduct by the member.

- Any subsequent audit arising out of, or is in any way connected with:
 - a refusal or failure to comply with any request made by the ATO, or
 - a member causing any improper, unwarranted or unjustified delay;
- The imposition of any tax, fines, penalties, court costs, penalty tax or interest;
- Costs incurred after completion of the ATO audit or ATO investigation;
- Costs from audits or investigations under Australian Government customs legislation;
- Costs from arising from audits or investigations where any source of income of the SMSF received or earned, is outside of Australia;
- any fraud or fraudulent act or omission committed by any officer of the SMSF;
- audits or investigations which result in the SMSF, or any person acting on behalf of the SMSF, becoming aware of any error or deficiency in any return of income or other documentation supplied to the ATO and failing to notify the ATO without delay.

• Conditions

The following conditions apply to Section 2:

Taxation and other returns of the SMSF must be lodged with the ATO within the time limits applicable to those returns as prescribed by statute, or through extension of time granted by the ATO. Full and complete disclosure of all assessable income (including capital gains) of the SMSF is required in accordance with all relevant Government legislation.

In the event of a claim arising:

- the Individual Trustee or Corporate Trustee member must, at all times, keep CoreSuper fully and continually informed of all material developments in relation to any claim under Section
- additionally, and in relation to any audit or investigation;

- all necessary and reasonable steps must be taken by the Individual Trustee or Corporate Trustee member to minimise any delays and the amount of any costs incurred or likely to be incurred in connection with any audit;
- CoreSuper or their duly appointed agent may undertake their own investigation into any matter which is, or may be relevant to the claim; and
- the Individual Trustee or Corporate trustee must ensure that the SMSF's accountant, registered tax agent and/ or solicitor cooperates with CoreSuper and where necessary provide assistance in relation to any claim or with any other matter requiring consideration by the ATO which is, or may be the subject of a claim.

Conditions applicable to Sections 1 and 2.

• Jurisdiction and choice of law

This insurance is governed by the law of New South Wales, Australia. All parties agree to submit to the exclusive jurisdiction of the courts of New South Wales and this choice of law.

• Cancelling the insurance

SISFA may cancel this insurance at any time by advising CoreSuper in writing that they wish to cancel this policy. SISFA agree and undertake to contact all members who have access to this insurance as a member and advise them of the actual date of cancellation and the consequence of no cover from this date (unless a claim circumstance has been notified).

Hollard may cancel this insurance where permitted by the Insurance Contracts Act. Reasons for cancellation may include non-payment of premium by SISFA. Hollard relies on SISFA to advise any member accordingly and to promptly update its website and in all contracts and communication to their members.

• Definitions

'Administrative penalty' means a penalty levied against a member in accordance with Section 166 of the Superannuation Industry (Supervision) Act, 1993.

'ATO' means the Australian Tax Office.

'Compliance Audit' means an audit of insured which identifies a penalty levied by the ATO under the table of 'Provisions of this Act' within section 166 of SISA.

'CoreSuper' means CoreSuper Insurance Pty Ltd (ACN 615 287 422), acting as agent for the insurer, Hollard.

'Costs' means professional fees paid to accountants or registered tax agents, who are not the member's employees, for work undertaken in connection with an ATO audit or investigation.

'Hollard' means The Hollard Insurance Company Pty Ltd (ABN 78 090 584 473), AFS Licence No. 241436.

'Insurance Certificate' means the document provided and attached to this policy or any insurance certificate which subsequently replaces it during the policy period.

'Insured' means SISFA.

'Investigation' means a formal criminal, administrative or regulatory investigation, examination, hearing or inquiry by the ATO into the member.

'Member' means:

- an individual that is a trustee of a SMSF; or
- a director of a company that is a corporate trustee of an SMSF, but only in relation to liabilities incurred arising from their directorship of the company that is a corporate trustee of an SMSF; and
- a current financial member of SISFA, having completed a proposal for this insurance and is compliant with all rules and regulations of membership.

'Policy period' means the period of insurance specified in the Insurance Certificate.

'SISA' means the Superannuation Industry (Supervision) Act, 1993.

'SISFA' means Self-managed Independent Superannuation Funds Association Limited ABN 67 088 181 980, the insured.

'Tax audit' means an audit of an insured's liability to pay tax (following the lodgement of a return) for that tax.

'Tax audit notice' means any written notification by the ATO regarding the insured's actual or alleged obligation to pay tax.

• Making a claim

To either advise a circumstance from which a claim may arise or make a claim under this insurance contact CoreSuper as a matter of priority.

Phone (07) 3239 7070

Email: claims@coresuper.com.au

Postal Address: PO Box 779, Spring Hill QLD 4004

• Duty of Disclosure

Before entering into an insurance contract, an insured has a duty of disclosure under the Insurance Contracts Act 1984.

If Hollard asks you, as an insured, questions that are relevant to our decision to insure you and on what terms, you must tell us anything that you know, or could reasonably be expected to know, may affect our decision to insure you and on what terms.

You have this duty until we agree to insure you.

You have the same duty before you renew, extend, vary or reinstate an insurance contract.

You do not need to tell us anything that:

- reduces the risk we insure you for; or
- is common knowledge; or
- we know or should know as an insurer; or
- we waive your duty to tell us about.

• If you do not tell us something

If you do not tell us anything you are required to, we may cancel your contract or reduce the amount we will pay you if you make a claim, or both.

If your failure to tell us is fraudulent, we may refuse to pay a claim and treat the contract as if it never existed.

• Financial Claims Scheme

Hollard is authorised under the Insurance Act (Commonwealth) to carry on general insurance business. This Act contains prudential standards and practices to ensure that the financial promises made by Hollard are met.

The protection provided under the Federal Government's Financial Claims Scheme applies to Hollard. This Scheme protects certain insureds and claimants in the event of an insurer becoming insolvent. In the unlikely event of Hollard becoming insolvent you may be entitled to access the FCS, provided you meet the eligibility criteria.

More information may be obtained from the Australian Prudential Regulation Authority at www.fcs.gov.au or their hotline on 1300 55 88 49.

• General Insurance Code of Practice

Hollard is a signatory to the General Insurance Code of Practice. The objectives of the Code are to:

- promote better, more informed relations between insurers and their customers;
- improve consumer confidence in the general insurance industry;

- provide better mechanisms for the resolution of complaints and disputes between insurers and their customers; and
- commit insurers and the professionals they rely upon to higher standards of customer service.

You can obtain a copy of the Code from the Insurance Council of Australia website insurancecouncil.com.au

• Privacy

Hollard values your privacy. In connection with this insurance:

- personal information is collected directly from you or, where that is not reasonably practical, from other sources;
- personal information is collected for administering this insurance; assessing and paying claims and for performing administrative operations (including for example accounting, risk management and staff training);
- personal information may be disclosed to third parties in connection with the above purposes, including to reinsurers, related companies, advisers, persons involved in claims, external claims data collectors and verifiers, our employees, agents and other persons where required by law.

By accessing this insurance cover as a member of SISFA you consent to the above. You have a right to access and correct your personal information held by Hollard and CoreSuper.

When SISFA provides personal information about members, Hollard and CoreSuper rely on the SISFA to have made or make members aware:

- that it will or may provide their information to us;
- of the types of third parties to whom the information may be provided to;
- of the relevant purposes we and the third parties we will disclose it to will use it for; and
- of how they can access it.

If you have a complaint about a breach of your privacy or have any other query relating to privacy, please contact us.

Contact Details

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