

FINANCIAL INSTITUTIONS // INVESTMENT MANAGERS INSURANCE //
TECHNICAL SPECIFICATIONS // ASIA

Technical Specifications: Investment Managers Insurance

Protecting Investment Managers

Billions of investment dollars flow into Asia every year. In an investment landscape that's constantly shifting, it's important to protect the people powering the industry

In this environment and faced with increased regulatory scrutiny and intervention, fund managers need an insurance solution that is both strong and flexible to provide protection against legal liability and other emerging exposures including cyber-attacks and social engineering fraud.

Liberty's refreshed **Investment Managers Insurance (IMI) Policy** provides the protection that investment managers need.

An Easy to Follow Policy Structure

Liberty's new IMI policy has been designed for simplicity and clarity, making insurance protection easier to understand and manage. The policy structure is as follows:

- ▶ Part A Professional Liability
- ▶ Part B Directors & Officers Liability
- ▶ Part C Crime
- ▶ Claims Conditions, General Conditions and Definitions

What is covered under Part A Professional Liability?

- ▶ **Professional Services** – includes advisory, marketing and fund raising, investment and fund management services, services provided in the capacity of a trustee and administration, custodial or registry services, relating to investments in connection with an insured fund.
- ▶ **Real Civil Liability Insuring Clause** – indemnifies insured organisations and insured persons and does not tie to negligence or breach of professional duty.
- ▶ **Self-Report, Internal Inquiry & Professional Inquiry Costs & Expenses** – costs and expenses of preparing a self-report, participating in an internal inquiry or appearing at an industry-wide inquiry with no requirement for the findings to lead to a claim.
- ▶ **Statutory Liability** – pecuniary penalties, including fines, an insured is required to pay under statutory civil penalty provisions.

- ▶ **Challenging Pecuniary Penalties** – costs and expenses incurred by the insured challenging the imposition of fines and penalties, where it is reasonable to do so.
- ▶ **Limitation of Liability Contracts** – the insured’s right to claim under the policy will not be prejudiced by contracts entered into by the insured which exclude or limit another party’s liability.
- ▶ **New Disclosure Documents** – the policy has no restrictions in relation to disclosure documents and therefore provides automatic cover for claims arising out of the issuing of any information memorandum or similar document during the policy period.
- ▶ **New Funds** – to give your clients the flexibility to grow their product offering, the definition of insured fund is automatically extended to new funds which do not exceed certain threshold requirements.
- ▶ **Cyber (optional)** – cyber liability arising from the performance of professional services, fines & penalties, extortion and privacy breach notification costs.
- ▶ **Loss Mitigation & Rectification (optional)** – costs and expenses to rectify or mitigate the effects of any act or omission in the performance of professional services that would otherwise result in a claim covered under the policy.

Other Extensions Include:

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|-----------------------------------|-------------------------------------|--------------------------------------|
| ▶ Advancement of Costs & Expenses | ▶ Change in Control – Run Off Cover | ▶ Contractors & Consultants |
| ▶ Costs of Living Expenses | ▶ Court Attendance Costs | ▶ Fraud & Dishonesty |
| ▶ Defamation | ▶ Emergency Expenses | ▶ Loss of Documents |
| ▶ Intellectual Property Rights | ▶ Joint Ventures | ▶ Spouses, Estates & Representatives |
| ▶ New Subsidiaries | ▶ Public Relations Expenses | |
| ▶ Vicarious Liability | ▶ Continuous Cover | |

What is covered under Part B Directors & Officers Liability?

- ▶ **Advancement of Costs & Expenses** – defence costs, costs and expenses paid in advance, prior to final resolution of a valid claim.
- ▶ **Self-Report, Internal Inquiry & Management Inquiry Costs & Expenses** – costs and expense of preparing a self-report, participating in an internal inquiry or appearing at an industry-wide inquiry which does not require an allegation of a wrongful act against the insured.
- ▶ **Public Relations Expenses** – costs and expenses in seeking advice from a public relations consultant to protect an insured person’s reputation following negative publicity arising from a wrongful act which has or could reasonably lead to a claim, or following the departure (other than voluntary resignation or planned retirement) of a key investment manager.
- ▶ **Lifetime Run Off Cover For Former Insured Persons** – in the event of a change in control, an unlimited reporting period is provided to former insured persons who have resigned or retired during the policy period, provided that the insured person’s tenure was not involuntarily terminated or terminated due to the change in control and provided no other insurance applies.
- ▶ **Outside Directorships** – insured persons acting in the capacity of a director or officer of an outside entity at the request of the insured organisation, subject to certain limitations.
- ▶ **Fines & Penalties** – worldwide (excluding USA) cover is provided for fines and pecuniary penalties which an insured person is required to pay provided that the fines and pecuniary penalties are not derived from a reckless act or omission and are insurable under applicable

laws. Under certain conditions, defence costs are also available to challenge the imposition of the pecuniary penalty.

- ▶ **Additional Side A Limit (optional)** – if the limit of liability under Part B is exhausted, this optional extension provides an additional limit of liability for each director, up to the Additional Side A Limit specified in the schedule for all directors.

Other Extensions Include

- ▶ Asset & Liberty Expenses
- ▶ Bail Bond & Civil Bond Expenses
- ▶ Change in Control – Run Off Cover
- ▶ Continuous Cover
- ▶ Cost of Living Expenses
- ▶ Court Attendance Costs
- ▶ Emergency Expenses
- ▶ Extradition Costs
- ▶ New Funds
- ▶ New Subsidiaries
- ▶ Occupational Health & Safety Defence Costs
- ▶ Personal Taxation Liability
- ▶ Spouses, Estates & Representatives
- ▶ Company Securities Liability (optional)
- ▶ Employment Practices Liability (optional)

What is covered under Part C Crime?

- ▶ **Simple and Broad Insuring Clauses** – rather than listing defined perils with sub-limits of liability, the policy provides two simple insuring clauses: the first covering theft by an employee and/or third party including, but not limited to, physical taking, fraud, forgery, counterfeiting, credit fraud, the unauthorised use of a computer system and failing to return erroneously transferred funds. The second insuring clause covers malicious acts or omissions of an employee and does not require the intent of personal financial gain.
- ▶ **Care, Custody & Control** – loss of money, securities or tangible property belonging to an insured organisation or to a client which is in the care, custody and control of the insured organisation.
- ▶ **Interest Receivable or Payable** – interest not realised as a result of a covered direct financial loss.
- ▶ **Loss Establishment Costs** – costs and expenses of an investigator to investigate the facts and circumstances giving rise to a direct financial loss and provide recommendations which may assist in preventing future similar losses.
- ▶ **Software Reconstitution Costs** – costs and expenses to rewrite or amend the insured's software programs, systems and security codes where they have been altered or damaged due to a covered direct financial loss.
- ▶ **Social Engineering Fraud** – theft by means of social engineering fraud.

Other Extensions Include:

- ▶ Continuous Cover
- ▶ New Funds
- ▶ Public Relations Expenses
- ▶ New Subsidiaries

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