

## Investment Management Insurance (IMI)

# Product Profile

Volatility in fund performance coupled with allegations of unsuitability, misrepresentation, breaches in investment mandate and regulatory investigations can expose investment managers to attack. Not only are investment managers exposed to legal action from investors, regulators and third-parties, they may also be subject to fraud perpetrated against them by unknown third parties or even trusted employees. These unforeseen costs not only undermine the investment managers' performance and the funds' returns, they can also result in repercussions that can extend well beyond the immediate financial damage.

If these exposures are covered under different insurance products or insurance companies, allocating responsibility between the numerous insurance companies can be problematic. Problems can also arise because of different policy terms, conditions, limits and retentions, which can create coverage gaps and add greatly to the time and expense of dealing with a claim.

To combat the problem, Chartis recognizes the need to take a comprehensive approach towards these exposures by offering a single comprehensive product for investment managers, investment advisors and investment funds.

## Covers

- Three insuring sections in a modular and flexible format:
  - Professional Civil Liability of the investment manager and fund
  - Management Liability of the directors and officers
  - Direct Financial Loss suffered as a result of employee infidelity or third party crime
- Advancement of defence costs and "pay the loss" language
- Employment practices liability insurance for individuals

## Insured

- Broad definition of Fund including managed investment scheme, investment trust, mandate, sub-fund or sub-trust
- Broad definition of Director or Officer including de facto director, natural person general partner in a Fund, an Employee, trustee and a compliance committee member.
- Automatic cover for outside entity directors, domestic partners, administrators and executors.
- For Crime cover, broadened definition of employee includes solicitors retained by insured, trustees and fiduciaries of insureds' pension plans, outsourced service providers, ex-employees for 60 days and unidentifiable employees

## Cover Enhancements and Features

- Automatic new fund and subsidiary cover
- Emergency costs incurred without insurer's prior consent of up to 10% of the limit of liability
- Court attendance costs: up to \$500 per day
- Covers claims for data protection breaches
- Covers claims for loss of documents
- Asset and liberty covers
- CorporateGuard Advisory Panel advice
- Costs of crisis management provider to mitigate impacts of crisis events
- Costs of public relation consultants to mitigate adverse effect of insured persons reputation due to a claim
- Lifeboat protection – separate excess limit for policyholder's directors
- Management liability run-off for retired insured persons
- Insured person corporate tax liability
- Kidnap response costs for insured persons
- Covers costs of issuing duplicate negotiable instruments
- Costs of repair of computer programs
- Discovery period if the policy is not renewed
- Continuity Cover to provide certainty at renewal

## Investment Management Insurance (IMI)

# Broker Facts

## Single Policy Wording with modular format

Avoids the problems of allocating liability between insurers; different policy limits; policy languages (definitions, exclusions, retentions and conditions) but yet provides the flexibility for including only the insuring clauses that are required.

## Comprehensive insuring clauses

Cover for professional liabilities, management liabilities and crime losses for the investment manager and funds. Management liability cover in line with Chartis current stand-alone D&O Gold cover eliminating the need to seek separate D&O cover.

## Blanket cover

Recognizes the potential complexities of separating managerial actions from professional actions brought by shareholders and investors who may be one and the same.

## Investigation Costs

Covers for fees, costs and expenses incurred for investigation by regulatory bodies even in the absence of specified wrongful act.

## Emergency Costs

Up to 10% of the limit of liability if the insurer's prior consent cannot be obtained.

## Court Attendance Costs

Insured person entitled to \$500 per day when appearing as a witness to a covered claim under the policy

## Advancement of defence costs and "pay the loss" of language

Important for the individual insured to ensure their personal assets are not at stake. Insurer to pay on behalf of the insured for Professional Civil Liability and Management Liability claims. The investment manager and the funds will also benefit by avoiding paying costs and seeking reimbursement from insurers.

## CorporateGuard Advisory Panel

Free advice from members of our advisory panel relating to matters relevant to the Management Liability cover. Our consent to appoint these firms to act for Insured's on a Claim defended in accordance with the policy.

## Run-off for retired policyholder directors

Gives peace of mind to those who retire without fear that future management will not lapse cover. Retired Policyholder Directors to have 84 months discovery period.

## Lifeboat Protection

Dedicated separate excess limit for policyholder's directors when the policy limit is exhausted, providing additional protection for these directors.

## Personal Tax Liability

Covers individual insureds if they are responsible for the corporate taxes where the Insured Entity or Outside Entity is not able to pay corporate taxes due to insolvency.

## Kidnap response costs

Payable if an insured person is kidnapped, hijacked or wrongfully detained.

## Automatic new fund and subsidiary cover

Automatic cover for new funds and subsidiaries during the policy period subject to pre-determined criteria.

## Fewer exclusions

PI - Insolvency exclusion deleted.

D&O – Pollution and Recovery Against Employees exclusions deleted. Blanket Trustees exclusion replaced with ERISA, I v I now applies to US claims only.

### IMPORTANT NOTICES

1. Availability of coverage and the terms and conditions thereof may be subject to regulatory approval and/or underwriter's determinations.
2. The terms and conditions available may vary depending on the location of the applicant.
3. Any claims examples stated herein are purely fictional and are for illustrative purposes only. Any relation to or reference to any actual person, party or events is purely coincidental. It is important to note that each actual claim is unique. The nature of the claims examples herein (if any) should not be construed as any comment on, or confirmation or extension of, coverage for any past, present or future claim. Furthermore, these examples should not be relied upon to predict the outcome of any actual claims as all claims are evaluated on their own individual merits and subject to the actual terms and conditions of the relevant insurance policies.
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