

Investment Management Insurance (IMI)

Coverage comparison

Summary of Significant Changes 04-11 v 05-08

The structure of the IMI (04-11) policy wording differs from the previous edition. The amendments include classifying covers into 4 distinct sections, simplifying the language using plain-English and moving any provision that is not a true 'extension' of cover into the Definitions Sections. The main reasons for the changes are to simplify the wording, to enhance and clarify the covers and to bring the Management Liability Section in line with our D&O Gold (02-09) wording.

PROFESSIONAL CIVIL LIABILITY SECTION	CHANGES	COMMENTS
Covers		
1.1.1 & 1.1.2 Investment Manager Professional Civil Liability & Fund Professional Civil Liability	"pay to or pay on behalf of".	
Exclusions		
Insolvency	DELETED	Cover enhancement.
1.3.6 (ii) Insured v Insured / Parent Company	The Insurer will pay on behalf of the Fund, the costs of legal advice regarding whether or not to bring a claim in certain situations.	Previously this was at the expense of the Fund.
Definitions		
1.4.1 Claim	Now includes ASIC approved external dispute resolution schemes.	Clarification - previously considered included within definition of Official Body.
1.4.5 Document	Broader generic language.	Previously was 'Crime' style definition, now replaced with PI definition.
1.4.8 Investment Advisory Services	Expanded definition to now specifically include 6 examples of the types of services covered.	Clarification.
General Provisions		
1.5.1 Advance Payment	Uses language consistent with D&O Gold	Plain-English clarification.
MANAGEMENT LIABILITY SECTION		
Covers		
2.1.1 & 2.1.2 Investment Manager Management Liability & Fund Management Liability	"pay to or pay on behalf of".	
Extensions		
'Administrators and Executors' Extension and 'Domestic Partners' Extension	Extensions deleted and inserted under definition of "Insured Person".	Plain-English clarification in line with D&O Gold.
2.2.2 Assets and Liberty	Delete "Official Detention" and "Judicial Order" definitions as now included under "Asset and Liberty Expenses" and "Asset & Liberty Proceeding" definitions.	Plain-English clarification in line with D&O Gold.
2.2.3 CorporateGuard Advisory Panel Advice	Access to the CorporateGuard Advisory Panel for limited free advice on covered matters.	New cover feature in line with D&O Gold.
2.2.4 Crisis Containment		Plain-English clarification in line with D&O Gold.
"Emergency Costs" Extension	Extension deleted and inserted in "Defence and Settlement of Claims" General Provision 4.4.11.	Plain-English clarification in line with D&O Gold.

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MANAGEMENT LIABILITY SECTION	CHANGES	COMMENTS
Extensions (continued)		
"Extradition Crisis Costs" Extension	Extension amended and renamed "2.2.5 Extradition Costs" Extension. "Extradition Crisis Costs" inserted in "Extradition Costs" definition.	Plain-English clarification in line with D&O Gold.
"OH&S Investigation / Defence Costs" Extension	Extensions deleted and inserted as a write-back to BI/PD Exclusion (now includes Corporate Manslaughter).	Plain-English clarification in line with D&O Gold.
"Pecuniary Penalties" Extension	Extension deleted and inserted in definition of "Loss". Now worldwide cover with no sublimit.	Plain-English clarification in line with D&O Gold. Previously restricted to Australia and NZ with a sublimit of \$2,000,000.
"Pollution Investigation / Defence Costs" and "Pollution Shareholder Claims" Extensions	Extensions deleted.	Cover enhancement as now no Pollution Exclusion in line with D&O Gold.
"Publicity" Extension	Extension amended and renamed "2.2.7 Public Relations Expenses". Part (i) deleted and inserted in "Extradition Costs" definition. Part (ii) deleted and inserted in "Public Relations Expenses" definition.	Plain-English clarification in line with D&O Gold.
Exclusions		
2.3.3 Established Misdeeds Exclusion	Remove 'criminal and malicious' elements and limit application to "deliberately dishonest or deliberately fraudulent". Simplify 'final adjudication' language as per D&O Gold. Limit 'improper use of position/information and breach of duty' language to s199B only. Ease admission requirement to "formal written admission".	Removal of 'criminal' conduct element recognises directors face increasing exposure to criminal sanctions for derogation of directors' duties, workplace deaths, corporate manslaughter and pollution incidents not involving intentional or deliberate conduct. Previously triggered by any admission.
"Pollutants" Exclusion	DELETED	Cover enhancement, but subject to underwriting.
"Trustees" Exclusion	Deleted and replaced with 2.3.5 ERISA Exclusion.	Cover enhancement.
"Consensual Claims" Exclusion	Deleted and replaced with "US Claims Brought by Insureds" to distinguish US Claims only. Updated per D&O Gold.	Cover enhancement in line with D&O Gold.
"Recovery Against Employees" Exclusion	DELETED	Cover enhancement.
2.3.4 Professional Financial Services Exclusion	New exclusion for this Section.	To distinguish the D&O cover from the PI cover.
Definitions		
2.4.1 Assets and Liberty and 2.4.2 Assets and Liberty Proceeding	Amended as per the Assets and Liberty Extension.	Plain-English clarification.
"Consensual Claim"	DELETED	Cover enhancement.
2.4.8 Employment Practice Breach	Broad generic language reducing the potential for leaving a specific item off the list of previously defined breaches. Now relates to Insured Persons generally.	Cover enhancement. Previously limited to Employees.
2.4.10 Extradition Costs	Amended to bring cover in line with D&O Gold	Plain-English clarification.
2.4.11 Investigation	Amended to bring cover in line with D&O Gold including self reporting of suspected material breach.	Cover enhancement.

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MANAGEMENT LIABILITY SECTION	CHANGES	COMMENTS
Definitions (continued)		
2.4.13 Loss	Now specifically includes pre- and post-judgment interest on a covered judgment or award and claimant's legal costs and expenses. Now includes the multiplied portion of multiple damages. Now does not exclude an Insured Persons personal liability for non-payment of corporate taxes where the Insured Entity is insolvent.	Cover enhancement. Previously excluded. Cover enhancement.
"Judicial Order", "Official Detention", "Pollutants"	DELETED	N/A with new wording.
General Provisions		
2.5.1 Advance Payment	Amended to use language consistent with D&O Gold	Plain-English clarification.
2.5.3 Non-Avoidance	Amended to bring cover in line with D&O Gold	Cover enhancement.
2.5.5 Severable Nature of the Policy	Amended to bring cover in line with D&O Gold— including broad severability language - each Insured Person for their own individual interest.	Plain-English clarification.
CRIME SECTION	CHANGES	COMMENTS
Definitions		
3.4.21 Instrument of Value	Previously named "Documents".	Avoids confusion with cover provided under the PI Section for lost Documents.
3.4.24 Negotiable Instrument	Previously named "Security".	Avoids confusion with the use of "Security" in the Changes in Risk General Provisions.
GENERAL TERMS AND CONDITIONS SECTION	CHANGES	COMMENTS
Extensions		
4.1.2 Discovery Period	Automatic 60 day period. Right to purchase 12 month period at 100% of full annual period.	Previously 30 day period. Previously 75%.
Definitions		
4.3.1 Automatic Fund	Automatic cover for newly created or acquired Funds that: <ul style="list-style-type: none"> - have total FUM less than 25% of the total FUM of all Funds at inception - are not in the USA - are not regulated by the SEC - do not have an investment strategy that is materially different from the existing Funds 90 day hold cover window for all other Funds.	Previously 90 day hold cover window for all new Funds, except for hedge funds, private equity funds, SEC funds or US funds.
4.3.2 Automatic Subsidiary and 4.3.24 Subsidiary	Investment Vehicle limitation inserted. 60 day hold cover window for non auto Subs.	May be underwritten. Cover enhancement in line with D&O Gold.
4.3.5 Director or Officer	Now includes committee members, de facto directors and Employees in connection with an Investigation.	Cover enhancement.
4.3.6 Discovery Period	Now includes matters which occurred or arose prior to the expiry of the policy period for an Investigation, extradition proceeding or Assets and Liberty proceeding.	Previously linked to Wrongful Acts only.

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GENERAL TERMS AND CONDITIONS SECTION	CHANGES	COMMENTS
Definitions (continued)		
4.3.12 Insured Person	Amended to include domestic partners and Administrators and Executors language.	In line with deletion of these Extensions.
4.3.14 Investment Vehicle	New definition.	Relevant to the Subsidiary definitions.
General Provisions		
4.4.1 Terms and Conditions	New general policy construction clause.	
4.4.3 Changes in Risk during Policy Period	Parts (i) and (ii) relating to Transactions and Insured Entities now allow cover for matters the subject of an Investigation, extradition proceeding or Assets and Liberty proceeding, occurring or arising prior to the Transaction Date (for (i)) or the period while an entity is an Insured Entity (for (ii)).	Previously linked to Wrongful Acts only.
4.4.11 Defence and Settlement of Claims	Consent to appointment of CorporateGuard Advisory Panel. Separate legal representation for Insured Entity/Fund.	Cover enhancement.

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