

Product Profile

Investment Management Insurance

Volatility in fund performance coupled with allegations of un-suitability, 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 fund's 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 products or insurance companies can be problematic. Problems can also arise because of different policy terms, conditions, limits and retentions, which can create coverage gaps and can add greatly to the time and expense of dealing with a claim.

To combat the problem, AIG 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 & 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 practice liability insurance for individuals and option for corporate entity cover

INSURED

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

COVER EXTENSIONS

- 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 US\$500 per day
- Covers claims for data protection breach
- Covers claims for loss of documents
- Asset and liberty covers
- 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
- Life-time management liability run-off for retired insured person
- Insured person tax liability
- Kidnap response costs for insured person
- Covers costs of issuing duplicate negotiable instruments
- Costs of repair of computer programs
- Optional key man loss cover
- Bilateral discovery period if the policy is not renewed
- Continuity Cover to provide certainty at renewal

POLICY LIMIT

Policy limits up to US\$25,000,000

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POLICY FACTS

- All in one insurance providing comprehensive cover
- Modular format providing clarity of cover
- Option for separate or shared limit for each module

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 dedicated separate limits for insuring clauses, catering to the needs of various regulatory requirements mandating dedicated professional civil liability limits.

Comprehensive Insuring Clauses

Cover for professional liabilities, management liabilities and crime losses for the investment manager and funds. Management liability cover as broad as stand-alone Directors & Officers cover in the market place eliminating the need to seek separate Directors & Officers 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 US\$500 per day when appearing as a witness to a covered claim under the policy.

Advancement of Defence Costs and "Pay the Loss" of Lanaguage

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.

Lifetime Run-off for Retired Insured Persons

Gives peace of mind to those who retire without fear that future management will not lapse cover. Retired insured persons to have unlimited discovery.

Lifeboat Protection

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

Insured Person Tax Liability

Covers individual insured 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 (unless the liability is a result of the individual insured's criminal, dishonest or fraudulent breach of law or regulation).

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

Investment banking, market abuse, money laundering and market fluctuation exclusions deleted. War and terrorism exclusion deleted for civil liability and management liability sections.

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This product profile is intended as a guide to coverage benefits only. Scope and precise breadth of policy coverage is subject to the specific terms and conditions of the policy wording.

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