

## Investment Management Insurance (IMI)



Lauded when performing well, but denounced when returns decline – today’s professional investment manager needs protection for specific management and professional liability risk. There’s more than just your reputation at risk.

### Are you at risk?

Financial market volatility, declining returns, sales of unsuitable financial products and unreliable advice expose investment managers to frequent attack in today’s litigious business environment. Expert qualifications and reputation fail to provide protection against claims for breach of fiduciary duty, violation of investment contracts, misrepresentation, professional negligence or management liability. Operating without insurance protection is not an affordable option.

### Why have IMI?

Expectations and pressures placed on investment managers and advisors to provide business advice and recommendations of the highest quality are growing. Investors’ preference to bring actions against fund managers and their directors for perceived professional negligence and mismanagement are as likely in Australia, as in North America or Europe.

Expanding capital flows, structured finance products and complex investment schemes are matched by improved investor knowledge and tighter regulations. These trends are increasing the frequency of challenges from investors and shareholders and demanding ever greater regulator scrutiny.

Unforeseen litigation costs can undermine fund managers’ performance, and the returns of the funds they manage.

### Who can benefit from IMI?

Our policy is specially tailored to respond to those claims frequently encountered by investment managers, responsible entities, investment trusts or funds and their professionals as well as directors and officers of each of these entities.

The structure and inter-relationship between investment management companies and investment funds creates a myriad of potential exposures. Investment managers are likely to owe duties, as both company officers and as professionals, to shareholders, investors, employees and third parties. One mistake may lead to claims from any or all of these parties.

### IMI coverage for:

- Responsible entities
- Investment managers
- Investment advisors
- Fund managers
- Venture capitalists
- Private equity firms

### What is IMI?

IMI is a flexible, cost efficient insurance program designed to address the specific management liability, professional liability and crime exposures faced by Investment Managers. It provides umbrella protection for those financial liabilities which traditional PI or D&O policies will not provide - unless significantly amended.

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## Cover highlights

### Cover for entity

Professional liability insurance for investment advisors/managers and funds when providing investment advisory services. Crime cover provides protection to the Investment Manager and the Funds for loss following theft by Employees or any other person.

### Cover for individuals

Professional Indemnity and Directors and Officer Liability/Company Reimbursement Insurance is included to protect both professional indemnity claims and management liability claims against investment advisors/managers and Funds, including their senior managers, directors and Compliance Committee members.

## Key Features

- Representation at Investigations and Examinations even in the absence of a specified Wrongful Act
- Automatic cover for new Funds and Subsidiaries
- Directors and officers who have board seats on Outside Entities can be covered
- Defence Costs for OH&S and Pollution Claims
- Administrators and Executors
- A "top-up" protected limit for non-executive directors
- Kidnap, Hijacking and Wrongful Detention
- court attendance costs when appearing as a witness to a Claim
- 84 month discovery period for Retired Insured Persons
- Bail Bond and Civil Bond Expenses, Prosecution Costs
- Public Relations Expenses for Crisis Containment
- Counselling and tax advice costs in connection with a Claim for extradition
- Loss includes pecuniary penalties, Public Relations Expenses in connection with extradition or mitigation of adverse effects on reputation following exoneration
- Loss Establishment Costs to investigate, prove and report a Direct Financial Loss under the policy.

### Policy exclusions include

- Prior Knowledge and Prior Discovery
- Established Misdeeds
- USA Insured v Insured

### Important Notes:

1. The availability of coverage is subject to underwriting assessment upon receipt of an application.
2. Availability of coverage and the terms and conditions thereof may be subject to regulatory approval and/or underwriter's determinations.
3. The terms and conditions available may vary depending on the location of the applicant.
4. 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.
5. This document is for your information and the description herein is a summary only. It does not include all terms, conditions and exclusions of the policies described. Please refer to the actual policies for complete details of coverage and exclusions.
6. Coverage may not be available in all jurisdictions.
7. This brochure is general in nature and should not be treated as advice. Should you require any advice on your insurance or coverage requirements you should consult your professional insurance advisor.



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