

Investment Management Solutions Policy

The Investment Management Solutions Policy is a management and professional liability product targeted at the Hedge Fund and Mutual Fund industry. This policy is a new product specifically tailored to address the unique exposures these investment companies, investment advisers and affiliated service providers present.

Four different coverage parts have been created that can be purchased either individually as stand-alone coverage or in conjunction with one another. They are:

- Hedge Fund Management and Professional Liability;
- Mutual Fund Management and Professional Liability
- Investment Adviser Management Liability
- Investment Adviser Professional Liability.

The Investment Management Solutions policy is designed to give the Insured the flexibility to structure coverage to meet its particular needs.

I. Coverage Highlights

1. Broad Definition of Insured Person. It includes:

- Any Executive or Employee of an Insured Entity.

2. Provides for the advancement of Defense Costs:

- Addresses allocation of insured versus uninsured defense costs and the advancement of insured defense costs.

3. Broad Definition of Loss:

- Includes damages, settlements, judgments, defense costs and pre-judgment and post-judgment interest.
- Includes punitive, exemplary and multiple damages subject to applicable law that most favors coverage.

4. Broad Definition of Claim:

- Includes written demands for monetary damages or non monetary relief;
- Includes a civil proceeding in a court of law or equity and arbitrations;
- Includes criminal proceedings
- Includes formal regulatory proceedings and formal investigations of an insured.

5. Outside Directorship Coverage Available:

- Blanket, double excess non-profit outside directorship liability coverage (if purchased).

- Scheduled triple excess for-profit outside directorship liability coverage (if purchased).

6. Provides the Insured the right to defend claims:

- The consent of insurer is **not** required for defense costs incurred within the policy retention.
- No “hammer clause” contained in policy

7. Noncancellable Policy:

- Insurer cannot cancel policy except for nonpayment of premium.

8. Worldwide Coverage Provided:

- Coverage applies to claims made and wrongful acts committed worldwide.

9. Automatic Coverage for Liability of Estates, Legal Representatives and Spouses:

- Coverage afforded to estates, heirs, legal representatives, assigns, spouses, and Domestic Partners of Insured Persons.

10. Flexible Extended Reporting Period Option Provided:

- Available if coverage is non-renewed by either the insurer or insured, or if cancelled by the insured.

II. Standard Coverage Parts Available:

1. Hedge Fund Management & Professional Liability Coverage Part:

Insureds:

- Hedge Funds and their directors, officers, trustees, management committee member, member of the board of managers, general partner, partnership manager and employees.
- Past, present or future natural person employees of service providers while working in their defined capacity.

Coverages

- Liability for loss resulting from a wrongful act:
 1. by any insured who is an executive or employee of a Hedge Fund in his or her capacity as such or any matter claimed against such insured solely by reason of his or her status as such;
 2. by a Hedge Fund in its capacity as such; or
 3. by any Service Provider Insured in the insured capacity detailed in the Schedule of Service Provider Endorsement.
- Liability for loss:

- Arising out of any matter claimed against any insured person solely by reason of their status as director, officer, trustee, management committee member, member of the board of managers, general partner, partnership manager or employee
- Arising out of the purchase or sale or the solicitation to purchase or sell securities of a hedge fund.
- In providing or failing to provide professional services in the formation, capitalization, operation, management, dissolution, or liquidation of a Hedge Fund, or the giving of advice or services for others by or on behalf of the hedge fund.

2. Mutual Fund Management & Professional Liability Coverage Part:

Insureds:

- Mutual Funds and their directors, officers, trustees, management committee member, member of the board of managers, general partner, partnership manager and employees.
- Past, present or future natural person employees of service providers while working in their defined capacity.

Coverages:

- Liability for loss resulting from any claim for a wrongful act:
 - Arising out of any matter claimed against any insured person solely by reason of their status as director, officer, trustee, management committee member, member of the board of managers, general partner, partnership manager or employee
 - Arising out of the purchase or sale or the solicitation to purchase or sell securities of a mutual fund.
 - In providing or failing to provide professional services in the formation, capitalization, operation, management, dissolution, or liquidation of a Mutual Fund, or the giving of advice or services for others by or on behalf of the Mutual Fund.

3. Investment Adviser Professional Liability Coverage Part:

Insureds:

- The Investment Adviser and its directors, officers, trustees, management committee members, members of the board of managers, general partners, partnership managers and employees.

Coverage:

- Liability for any actual or alleged error, misstatement, misleading statement, act or omission, neglect or breach of duty committed or attempted by an insured in giving or failure to give financial, economic or investment advice regarding investments in securities to a customer or client.

4. Investment Adviser Management Liability Coverage Part:

Insureds:

- The Investment Adviser and its directors, officers, trustees, management committee members, members of the board of managers, general partners, partnership managers and employees.

Coverage:

- Management Liability (Individual):
 - Covers unindemnified loss resulting from any claim made against an insured person for any actual or alleged error misstatement , misleading statement, act, omission, neglect or breach of duty committed or attempted by
 - An Executive in his or her capacity as such, or solely by reason of his or her status as such.
 - An Employee in his or capacity as such, but only in regards to the purchase sale, or solicitation to purchase or sell securities of an Insured Entity.
- Management Liability (Reimbursement):
 - Covers loss for which the Insured entity has indemnified the Insured persons from any claim made against an insured person for any actual or alleged error misstatement , misleading statement, act, omission, neglect or breach of duty committed or attempted by
 - An Executive in his or her capacity as such, or solely by reason of his or her status as such.
 - An Employee in his or capacity as such, but only in regards to the purchase sale, or solicitation to purchase or sell securities of an Insured Entity.

III. Optional Coverage Available:

1. Outside Directorship Liability

2. Insured Entity Securities Liability:

- Liability for losses to an Investment Adviser resulting from any security claim for any actual or attempted error, misstatement, act, omission, neglect, or breach of duty committed or attempted by an Investment Adviser.