

Chubb Elite III Investment Management Insurance

CHUBB®



Increasing volatility in the global financial markets, higher expectation from investors, and more investor and securities claims against investment managers have highlighted the need for investment managers and their directors to be protected.

This is why Chubb is responding to the needs of investment managers by offering increased wealth protection when faced with the potential of scrutiny from regulators, investors and shareholders.

The new Chubb Elite III wording is a package policy comprising:

- Directors & Officers Liability Insurance (D&O) to protect individuals for specific management and personal liabilities
- Professional Indemnity Insurance (PI) for investment services offered by investment managers and advisors
- Crime Insurance to protect the investment managers and funds from theft by employees or third parties

Chubb's global presence and experience provides a cutting edge product to investment and fund managers.

Coverage Highlights

Insuring Clauses

- We continue to have four insuring clauses blended into the policy: Directors and Officers Liability; Company Reimbursement; Professional Indemnity; and Crime

Key Features of Chubb Elite III

All Insuring Clauses

- Policy is non-rescindable
- Automatic cover for new subsidiaries or funds, up to threshold of 20% increase in total asset or offering size; not active or domiciled in the US; not registered as an investment advisor in the US; or business or investment activities are not materially different
- 90 Day automatic cover provided in respect of ALL new subsidiaries and funds

- Proportionate reinstatement of the policy limit if there is a claim recovery
- Up to 84 months run-off cover for takeovers and mergers now applies to all insuring clauses

Directors & Officers and Professional Indemnity Covers

- Pre-investigation costs cover for individuals to respond to on-site visits and raids by regulators, or regulatory requirements to attend inquiry hearings
- Continuous cover – full continuity offered with ability to backdate with respect to previous insurers
- Bail Bond Costs, Crisis Costs, Key Man Loss, Public Relations Expenses and Reputation Protection Expenses, now apply to both D&O (including Company Reimbursement) and PI sections of the policy
- Emergency Defence Costs and Legal Representation Expenses
- Run-off cover for a subsidiary purchased through a Management Buy-out
- Deprivation of Assets Expenses – payment directly to the providers of schooling, housing, utilities and personal insurance services in the event of an order confiscating, controlling, suspending or freezing rights of ownership of real property or personal assets, or creating a charge over real property or personal assets, of an insured person

Directors & Officers Cover

- Retired Directors & Officers cover no longer has a time restriction
- Prosecution Costs extension Civil Fines and Pecuniary Penalties Extension
- Occupational Health & Safety Extension
- Tax Liability Extension covers personal liability for unpaid taxes of the Insured Organisation where it has become insolvent
- Indemnity to the company for shareholder costs – covers shareholders' expenses in pursuing a claim against an insured person on behalf of the company

- An additional excess limit for all directors and officers in the event of the exhaustion of all other sources of indemnification, including the limit of liability

Professional Indemnity Cover

- Loss of Documents
- Breach of Privacy
- Mitigation Costs

Crime Cover

- Crime cover incorporates employee dishonesty, computer crime, counterfeiting, forgery, fraudulent alteration, physical loss or damage
- Interest cover – for lost interest that the company would have received, or the company has been legally obligated to pay to a client because of a crime loss
- Cover the cost of any reasonable expenses incurred by the company to establish the existence and amount of any crime loss, in addition to the limit
- Cover the expenses to reproduce impacted electronic computer programs to their operational capacity prior to the crime

Exclusions

There are a number of traditional exclusions which do not appear in Chubb's Elite III wording. The exclusions also contain more carve-back, such as:

- Insured v Insured Exclusion only applies to the US D&O and PI claims
- Bodily Injury / Property Damage Exclusion does not apply for Non-Indemnifiable
- Loss and Legal Representation Expenses
- Pollution Exclusion –only applies to the PI section of the policy whereas pollution clean-up costs only are excluded in the D&O section

Conditions

- Notification of claims amended to allow additional notification period if a regulator legally requires the

insured to be bound by a confidentiality agreement

- Insured's duty to defend claims, other than actions brought against Insured Persons by Insured Organisation or Outside Organisation
- Separate legal representation where conflicts exist between any Insured
- No 'Hammer Clause'
- Rights of subrogation shall not be exercised against an Insured Person unless committed a criminal, dishonest, fraudulent or malicious act
- Order of Payments condition

Additional Benefits

- The policy allows the client to purchase limits in the aggregate or as separate towers
- Ability to offer tailored programs
- Significant capacity
- Local claims handling capabilities
- Local underwriting authority and account management expertise
- Primary and excess capabilities

Other Chubb Financial Institutions Products

- Directors and Officers Liability Insurance
- Public Offering of Securities Insurance
- Financial Institutions Professional Indemnity Insurance
- Bankers Blanket Bond / Financial Institution Bond
- Electronic Computer Crime
- Private Equity and Venture Capital Insurance

Chubb. Insured.TM

About Chubb in Hong Kong SAR

Chubb is the world's largest publicly traded property and casualty insurer. With both general and life insurance operations, Chubb has been present in Hong Kong SAR for more than 90 years via acquisitions by its predecessor companies. Its general insurance operation in Hong Kong SAR (Chubb Insurance Hong Kong Limited) is a niche and specialist general insurer. The company's product offerings include property, casualty, marine, financial lines and consumer lines designed for large corporates, mid-sized commercial & small business enterprises as well as retail customers. Over the years, it has established strong client relationships by offering responsive service, developing innovative products and providing market leadership built on financial strength.

More information can be found at www.chubb.com/hk.

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Important Note:

This brochure is intended to provide only a general description of the insurance policy (Chubb Elite III Investment Management Insurance ed. 02/17) and is not intended to modify the actual provisions of the wording. We recommend that a potential purchaser thoroughly examine our policy offered and consult with an appropriate expert to be certain of the precise nature of its details. This brochure is designed for use by brokers and/or insurance agents only. Potential purchasers should contact Chubb or their broker and/or insurance agent for further advice.

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