

FINANCIAL INSTITUTIONS // INVESTMENT MANAGERS INSURANCE // TECHNICAL SPECIFICATIONS // AUSTRALIA

Technical Specifications: Investment Managers Insurance

Protecting Investment Managers

Amid market volatility, fund managers face intensified regulatory scrutiny, increasing compliance requirements and ambitious investor expectations. In these challenging times, partnering with Liberty, an experienced insurer known for its financial services expertise, innovative insurance products, and a leading local claims team, provides a critical advantage.

The Liberty Advantage

- ▶ Market leading wording, written in Australia, for Australian financial institutions.
- ▶ Ability to offer up to \$20m limits or separate towers.
- ▶ Local underwriting and claims authority – empowered to make decisions locally.
- ▶ Claims experience – significant experience with large complex claims. Local authority enables proactive and efficient claims handling.
- ▶ Ability to write business from start-ups and follow the client's journey all the way through to listing or exits.
- ▶ Backed by our parent company, Liberty Mutual Group – a Fortune 100 company, Liberty has the financial strength, experience and a proven history of stability throughout volatile underwriting and economic conditions.

Introducing Liberty's Investment Managers Insurance (05-25) policy wording

Liberty's Investment Managers Insurance (05-25) policy wording (IMI) includes the previous broad cover but now also provides greater affirmative cover to respond to regulatory inquiries, breach reporting and remediation programs.

The IMI policy wording retains Liberty's easy to follow structure with three distinct coverage parts: Part A - Professional Liability, Part B - Directors & Officers Liability and Part C – Crime.

Part A – Professional Liability

What is new under Part A - Professional Liability?

- ▶ **Client Remediation Loss Reimbursement** – AFSL and ACL holders have a statutory obligation to remediate client losses promptly and proactively without waiting for consumers to complain or commence proceedings. Traditional civil liability coverage may not respond in the absence of a 'dispute', 'demand', or 'proceeding', and loss mitigation cover is often optional extension or sub-limited. This new insuring clause is designed to address potential gaps, offering reimbursement for remediation costs when no formal claim has been made, subject to policy terms and conditions.
- ▶ **Breach of confidentiality and interference with privacy** – new extension provides cover for Claims alleging a breach of confidentiality or unlawful interference with privacy by the Insured in the conduct of their professional services.
- ▶ **Contractors** – new extension provides cover for any natural person engaged by the Insured Organisation as a contractor, pursuant to a written contract that satisfies certain specified requirements, but only in relation to the performance of professional services for or on behalf of the Insured Organisation.
- ▶ **Cyber Professional Liability** – new extension clarifies Liberty's intent to provide affirmative cover for claims alleging an Insured's failure to prevent malicious or unauthorised access to, or use of, the Insured's network or the transmission of malicious code by the Insured to a third party's network.
- ▶ **Design and Distribution Obligations Stop Order Costs and Expenses** – this new extension is tailored to provide affirmative cover for costs and expenses incurred in preparing for and attending an ASIC hearing, taking action to rectify the Target Market Determination of a financial product and seeking public relations advice in relation to a Stop Order made against an Insured Organisation in respect of a financial product due to an alleged contravention of Design and Distribution Obligations.
- ▶ **Reputation protection costs and expenses** – this new extension provides sub-limited cover for the reasonable costs and expenses to engage a public relations consultancy to disseminate favourable outcomes of a claim or investigation against the insured.

Other leading cover:

- ▶ **ASIC Administrative Action - Appeal Costs and Expenses** – provides cover for costs and expenses incurred by the Insured to appeal the suspension or cancellation of an Insured's AFSL or imposition of a banning order, by ASIC.
- ▶ **Hold Harmless Contractual Liability** – provides cover where the Insured has assumed additional liability in contract under an indemnity or hold harmless term of a contract, to the extent that such liability arises out of the performance of professional services.
- ▶ **Limitation of liability contracts** – Liberty acknowledges that the Insured may enter into contracts with third parties (such as outsourced service providers) that limit the liability of the contracting party, thereby prejudicing Liberty's rights of recovery in the event of a claim. This extension affirms that such limitation of liability in contract will not adversely affect the Insured's right to indemnity under the Policy.

Other extensions include:

- ▶ Advancement of costs and expenses
- ▶ Change in control - run off cover
- ▶ Costs of living expenses
- ▶ Court and professional inquiry attendance costs and expenses
- ▶ Defamation

- ▶ Emergency expenses
- ▶ External dispute resolution
- ▶ Fraud and dishonesty
- ▶ Intellectual property rights
- ▶ Joint ventures
- ▶ Loss of documents
- ▶ New disclosure documents
- ▶ New funds
- ▶ New subsidiaries
- ▶ Public relations costs and expenses
- ▶ Spouses, estates & representatives
- ▶ Vicarious liability
- ▶ Loss mitigation and rectification (optional)
- ▶ Proportionate liability (optional)
- ▶ Reinstatement (optional)
- ▶ Statutory Liability (optional)
- ▶ Backdated continuous cover (optional)

Part B – Directors & Officers Liability

What's new under Part B Directors & Officers Liability?

Liberty's market leading D&O (02-22) policy wording has been incorporated into the IMI policy wording, giving Insureds the benefit of D&O cover of the calibre offered to ASX 200 listed companies and the ease of having it packaged together with their PI and Crime insurance.

- ▶ **Company insolvency safe harbour cost and expenses** – this new extension provides sub-limited cover for costs and expenses incurred by the Insured Organisation in engaging one of Liberty's approved safe harbour advisors to provide Safe Harbour Advice to an Insured Organisation.
- ▶ **Insolvency hearing costs and expenses** – this new extension provides cover for the costs and expenses incurred by an Insured Person in respect of a formal or official hearing by an administrator, receiver, bankruptcy trustee or liquidator in connection with the insolvency of the Insured Organisation.
- ▶ **Shareholder derivative company costs and expenses** – this new extension provides cover for costs and expenses incurred by a holder of securities in the Named Insured or Subsidiary, in pursuing a Shareholder Derivative Suit where the Insured Organisation, where such entity is legally liable to pay such costs and expenses pursuant to a court order.
- ▶ **Shareholder derivative investigation costs** – this new extension provides sub-limited cover for costs and expenses incurred by the Named Insured or Subsidiary in connection with the investigation, inquiry, evaluation and determination of its response to a Shareholder Derivative Demand or a Shareholder Derivative Suit.

Other extensions include:

- ▶ Advancement of costs and expenses
- ▶ Asset and Liberty costs and expenses
- ▶ Bail Bond and Civil Bond expenses
- ▶ Cost of living expenses
- ▶ Court and management inquiry attendance costs and expenses
- ▶ Directors additional limit of liability
- ▶ Emergency expenses
- ▶ Extradition costs and expenses
- ▶ Fines and pecuniary penalties
- ▶ Lifetime run off cover for former Insured Persons
- ▶ New disclosure documents
- ▶ New funds
- ▶ New subsidiaries
- ▶ Occupational health and safety costs and expenses

- ▶ Outside directorships
- ▶ Personal taxation and superannuation liability
- ▶ Public relations costs and expenses
- ▶ Reputation protection costs and expenses
- ▶ Spouses, estates and representatives
- ▶ Company securities liability (optional)
- ▶ Company employment practices liability (optional)
- ▶ Backdated continuous cover (optional)

Part C – Crime

What is new under Part C Crime?

- ▶ **Social Engineering Fraud (optional)** – if purchased, this new optional extension provides affirmative sub-limited cover for Direct Financial Loss sustained by an Insured Organisation resulting from actual or alleged Social Engineering Fraud.

What is covered under Part C Crime?

- ▶ **Simple and broad insuring clauses** – rather than listing defined perils with sub-limits of liability, Liberty provides two simple insuring clauses: the first covering theft by an employee and/or third party including, but not limited to, physical taking, fraud, forgery, counterfeiting, credit fraud, the unauthorised use of a computer system and failing to return erroneously transferred funds. The second insuring clause covers malicious damage to Property by an employee and does not require the intent of personal financial gain.
- ▶ **Care, custody and control** – the policy covers loss of Money, Securities and Tangible Property belonging to an Insured Organisation or to a Client, which is in the care, custody and control of the Insured Organisation.
- ▶ **Interest receivable or payable** – sub-limited cover for interest not realised as a result of a covered Direct Financial Loss.
- ▶ **Kidnap expenses** – provides sub-limited reimbursement of Kidnap Expenses paid by the Insured Organisation as a result of a Kidnapping.
- ▶ **Loss establishment costs and expenses** – cover for costs and expenses of an Investigator to investigate the facts and circumstances giving rise to a direct financial loss, determine the quantum, provide recommendations which may assist in preventing future similar losses and prepare a written report. This extension has no excess or sub-limit of liability.
- ▶ **Software reconstitution costs and expenses** – sub-limited cover for the costs and expenses incurred by the Insured Organisation to rewrite or amend the Insured Organisation's software programs, systems and security codes where they have been altered or damaged as a result of a covered Direct Financial Loss.

Other extensions include:

- ▶ Court attendance costs and expenses
- ▶ New funds
- ▶ New subsidiaries
- ▶ Public relations costs and expenses
- ▶ Reputation protection costs and expenses
- ▶ Backdated continuous cover (optional)

Allocation claims condition

Common defence costs (optional) – if purchased, this Common Defence Costs clause specifies the basis for allocation of partially covered matters or non-insured parties. It clarifies that, where defence costs also benefit a matter which is not covered or a non-insured party, Liberty will pay all common defence costs.

Responsive and integrated claims management

Liberty's claims team takes a pragmatic, commercial approach to claims resolution.

Our claims team acts decisively and looks for ways to pay claims fairly and dependably. We work together as one team to build long-term relationships with our brokers and clients, making excellent customer service a priority.

Global reach. Financial strength. Local authority.

Distinct, complex and constantly evolving – every business is as unique as its insurance needs. To confidently progress in the face of risk and uncertainty requires a level of security you can only achieve through working with specialists.

Liberty Specialty Markets offers a breadth of world-class insurance and reinsurance services to brokers and insured clients. We bring value and solutions to more than 26,000 of Asia Pacific's most significant business and government organisations – helping protect what they earn, build and own.

We're part of the global Liberty Mutual Group, a Fortune 100 company that's been in business since 1912 with a Standard and Poor's 'A' rating.

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