

# INSURANCE FOR START-UP HEDGE FUNDS

## WHAT INSURANCES DO YOU NEED TO CONSIDER?

- ▶ Financial Risks Insurance
- ▶ Employee Benefit Insurance (Orb Employee Benefits)
- ▶ General Insurance (Braddons Risk Management and Insurance)

AssuredPartners London specialises in Financial Risks Insurance but also works with the aforementioned expert providers offering General Insurance and Employee Benefit Insurance - please contact us for a referral.

## WHAT DOES FINANCIAL RISKS INSURANCE COVER?

The two main types of policy purchased:

### 1. PROFESSIONAL INDEMNITY (PI)

PI insurance is also known as Errors and Omissions (E&O) insurance. It provides cover on a civil liability basis for the insured and its directors, partners, and employees in respect of claims arising from the alleged failure in the provision of professional services being provided to, or on behalf of, their customers. PI insurance provides cover for the following:

- Marketing and distribution activities undertaken for or on behalf of the funds
- Trade error and operational risks
- Defence costs and damages

### 2. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE (D&O)

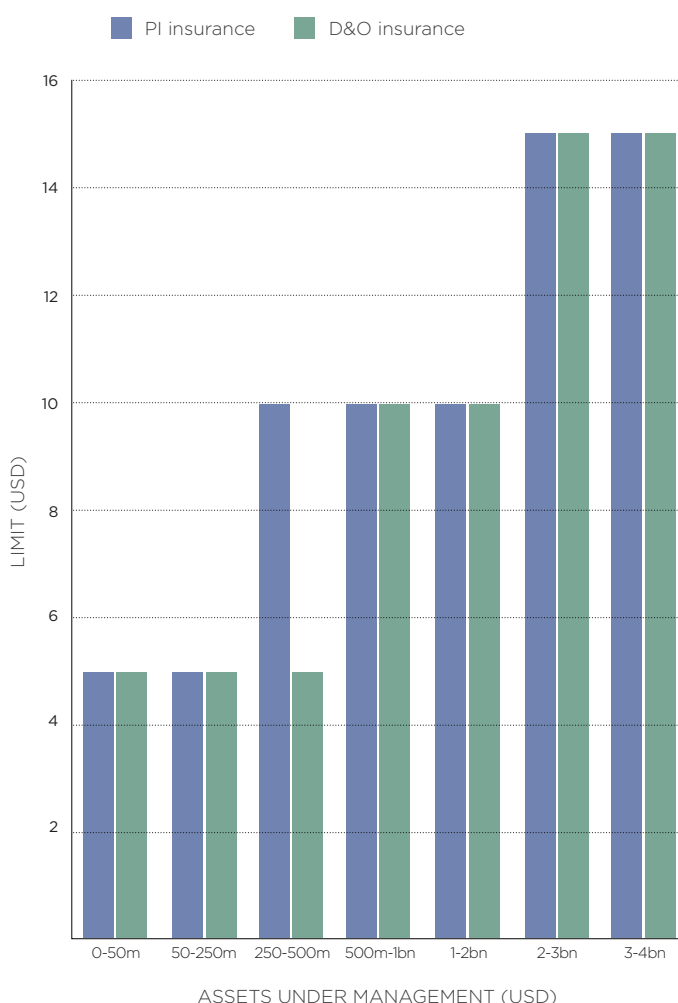
D&O insurance provides personal financial protection for the directors, officers and partners of the funds and management companies in the event a claim is made against them. A D&O policy also covers regulatory investigations pursued against directors, officers or partners when acting in that capacity (rather than as a professional advisor). The corporate entities are also covered where they indemnify the individuals in respect of such claims. D&O provides cover for the following:

- Wrongful acts including breaches of fiduciary duty and breaches of any statute or law
- Regulatory exposures
- Defence costs and damages

## HOW MUCH COVER SHOULD YOU BUY?

Factors affecting pricing:

- Claims history
- Investment strategy
- Leverage
- Investor profile
- Manager domicile
- Quality of cover including structure and exclusions



The team at AssuredPartners London are specialised in analysing the factors which may effect the limit options, therefore ensuring that only the correct coverage limits are purchased.

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