



ACE elite // Investment Management Insurance

The ACE Investment Management Insurance policy has been tailored to provide protection to investment managers, investment advisors and fund managers in an increasingly volatile and hostile environment. The policy provides cover for exposures relating to:

- ❖ Directors & Officers Liability Insurance (D&O) in protecting 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.

ACE Insurance is a leader in Investment Management Insurance. Our knowledge and worldwide representation means that we can effectively deal with the challenges faced by investment managers and funds.

Coverage Highlights

Insuring Clauses

- There are four insuring clauses blended into the policy: Directors and Officers Liability; Company Reimbursement; Professional Indemnity; and Crime.

Extensions

- Full continuity offered with ability to backdate with respect to previous insurers.
- Additional Excess Limit for all Directors and Officers up to: \$1,000,000 each Director and Officer, and a maximum of \$10,000,000 in the aggregate (This is in addition to the Limit of Liability).
- Legal Representation Expenses for attendance at investigations including regulatory investigations offered under both D&O and PI covers and up to the full limit of the policy.
- Key Man Loss cover for costs and expenses to appoint a public relations/crisis management/law firm to prevent adverse publicity, caused by the discharge, enforced resignation.
- Emergency Defence Costs with no prior consent from ACE, for 10% of the Limit of Liability and 30 days.
- Extradition Bail Bond Costs sub-limit of 10% of the Limit of Liability. Extradition Crisis Costs sub-limit up to \$25,000.
- Public Relations Expenses sub-limit up to \$250,000.



- Non-Renewal Discovery Periods:
 1. Bilateral trigger for cover;
 2. 60 days automatic on all clauses - no additional premium;
 3. 12 months at 50% additional premium for all insuring clauses;
 4. Affirmative cover for Investigations during Discovery Period;
 5. Includes Crime Insuring Clause
- Option to purchase D&O and PI run-off cover for additional 84 months due to merger or acquisition.
- Automatic Cover for New Subsidiaries or Funds, up to a 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.
- Automatic Outside Directorship cover other than US listed or traded entities; greater than 20% revenue from investment banking, hedge funds or private equity investments; and entities with negative net assets.
- Retired Directors & Officers cover is automatic for 84 months.
- Loss of Documents and Breach of Privacy cover.
- Pollution covers in respect of Shareholder Derivative and sub-limited Defence Costs.
- Additional Limit of \$1,000,000 or 10% of the Limit (whichever is lesser) for Expenses to establish the existence of a Direct Financial Loss under the Crime cover.
- Reproduction of Electronic Computer Programs sub-limit to the lesser of the Limit or \$1,000,000.

Definitions

- Claim includes Extradition Proceedings and Investigations with no Wrongful Act requirement. Claim also includes criminal prosecution cover for PI claims.
- Fund is defined to include mutual funds, trusts, limited partnerships and any sub-funds – no scheduling requirement.
- Insured Person includes committee members of a Fund or Investment Manager, and contractors who act as a member of a committee.
- Investment Services includes investment advisory, investment management or financial services with respect to investments, including mandates or funds.
- Loss extended to include:
 1. Aggravated, punitive and exemplary damages;
 2. Public Relation Expenses;
 3. Extradition Crisis Costs;
 4. Bail Bond Costs;
 5. Prosecution Costs.

- Prosecution Costs provide costs and expenses under the D&O cover, in respect of bringing legal proceedings to obtain the discharge or revocation of disqualification of various orders in respect to Insured Persons.
- Subsidiary includes a joint venture where the Insured exercises effective management control.

Exclusions

- Dishonesty, Fraud & Personal Profit - written admission and final adjudication language.
- Insured vs Non-Insured exclusion only applies to the US and PI claims.
- Assumed Liability exclusion provides cover for duty of care in respect of Investment Services.
- ERISA exclusion applies, other than for pension plans in Hong Kong.
- Crime exclusions specific to the Crime insuring clause.

Conditions

- Insured's duty to defend claims, other than actions brought against Insured Persons by an Insured Organisation or Outside Organisation; and PI claims.
- Separate legal representation for directors & officers where conflicts exist.
- No 'Hammer clause' (other than claims brought against Insured Person by an Insured Organisation or Outside Organisation; and PI claims).
- Rights of subrogation shall not be exercised against an Insured Person unless he/she has committed a criminal, dishonest, fraudulent or malicious act.
- Limit of Liability condition recognises that the Insured may want to purchase limits in the aggregate or as separate towers.

Additional Benefits

- Ability to offer tailored programs.
- Capacity up to US\$25 million.
- Local claims handling capabilities.
- Local underwriting authority and account management expertise.
- Primary and excess capabilities.

Other ACE Financial Institutions Products

- Directors and Officers Liability Insurance.

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- Prospectus Liability Insurance (Public Offering of Securities Insurance).
 - Financial Institutions Professional Indemnity Insurance.
 - Bond.
 - Electronic Computer Crime.

About the ACE Group

The ACE Group of Companies® is one of the world's largest providers of commercial property and casualty insurance and reinsurance.

Swiss incorporated parent company ACE Limited has the A+ financial strength rating by both Standard & Poor's and AM Best. This rating is indicative of ACE's strong capital base and financial stability; key attributes in the business of risk.

The ACE Group serves a diverse group of clients including multinational corporations with complex property and casualty exposures, local businesses in countries throughout the world, insurance companies looking to reinsure their portfolios, and individuals purchasing life insurance, personal accident and supplement health coverage.

With a history dating back to 1792, ACE is distinguished by its underwriting expertise, superior claims handling and global franchise – a physical presence in more than 50 countries and business conducted in over 140 countries.

For more information, visit www.ancelimited.com

About ACE Hong Kong

ACE Insurance Limited (Hong Kong) is a member of the ACE Group of Companies®, a global leader in insurance and reinsurance. With a history dating back to 1792, the ACE Group conducts its business on a worldwide basis with operating subsidiaries in more than 50 countries and a strong presence in Asia Pacific.

Established in Hong Kong for more than 75 years, ACE is a niche and specialist general insurer. It has a well known reputation as one of the market leaders in the segments of Property, Casualty and Marine as well as Accident & Health insurance via direct marketing distribution. The 'A' long term insurer financial strength and counterparty credit ratings by Standard & Poor's are indicative of ACE Hong Kong' strong capitalization and reflective of its parent's rating outlook. (ACE core operating companies rated A+/Stable – by Standard & Poor's).

Important Note

This brochure is intended to provide only a general description of the insurance policy (ACE elite II Investment Management Insurance version: Hong Kong/ Sep 07) 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 ACE or their broker and/or insurance agent for further advice.