

# Hedge Fund Protector Insurance

AIG UK has long provided specialist insurance to Financial Institutions; Hedge Fund Protector complements Hedge Fund One as the most comprehensive “umbrella” product we offer specifically for the hedge fund industry. As well as the breadth of cover described below, policyholders can access a variety of additional risk management and mitigation tools, plus the expertise of AIG UK’s dedicated claims-handling team.

## COVERS

The insuring clauses cover both professional services errors and omissions and Directors and Officers liabilities:

1. Civil liability and defence costs incurred by a hedge fund, fund manager (entity or individual) or employee arising from claims or investigations relating to investment advisory services, hedge fund strategy, hedge fund administration or placing memoranda;
2. Damages and defence costs incurred by the fund’s or fund manager’s Directors, Officers, employees, in-house counsel and others arising from claims or investigations relating to their managerial or fiduciary roles for the fund or fund manager

Advancement of defence costs

Company reimbursement (subject to a retention)

Full limit of defence costs for pollution claims

Full insured v insured cover for non-collusive claims

## EXTENSIONS

Cover for theft by employees

Emergency pre-approved defence costs up to 10% of the limit of liability

Express extradition cover for directors and officers plus related costs for public relations, psychological counselling and tax advice

Specific ring-fenced cover of up to £1m for non-executive directors, over and above indemnification from the company and the policy limit of liability

Bilateral discovery period

Costs of an insured’s representation at an official investigation

Damages and defence costs of the Fund’s Directors and Officers from a wrongful act, error or omission relating to corporate governance compliance and disclosure standards

Key man insurance: Automatic cover of £2m (higher limits available) for the accidental death of a hedge fund manager, general partner or director. Public relations costs and head-hunting costs to manage the implications of losing key personnel and to find replacements

Public relations expenses to mitigate damage to professional reputations caused by a claim

Prosecution costs coverage to overturn a judicial order.

6 year discovery period for retired directors

Fees and expenses following a Kidnap incident

Bail Bond and Civil Bond expenses

## INSUREDS

Includes past or current directors, officers and general partners of the fund, employees, non-executive directors, in-house counsel, company secretaries, compliance officers and hedge fund managers.

## VALUE ADDED SERVICES

Additional regulatory crisis response cover up to £50,000

Pre-loss regulatory and governance advice, including the DLA loss avoidance and mitigation package

## POLICY FORM AND LIMIT

Full retroactive cover on a claims-made basis. Policy limits up to \$25,000,000

*Scope and terms are subject to the terms and conditions of the policy. A specimen policy is available on request*

**THIS INFORMATION IS INTENDED FOR INSURANCE BROKERS AND OTHER INSURANCE PROFESSIONALS**

This insurance is underwritten by AIG UK Limited which is authorised and regulated by the Financial Services Authority (FSA number 202628). This information can be checked by visiting the FSA website ([www.fsa.gov.uk/register](http://www.fsa.gov.uk/register)). Registered in England: company number 1486260. Registered address: The AIG Building, 58 Fenchurch Street, London, EC3M 4AB.

A member company of American International Group, Inc.

These are brief product descriptions only. Refer to the policy for full terms and conditions applicable. Any scenarios are given as brief examples which may give rise to claims. These descriptions should not be relied on to justify coverage in any situation.

# Hedge Fund Protector Insurance

**LONDON**

Tel: 020 7954 7000  
Fax: 020 7954 7001

**BELFAST**

Tel: 02890 726002  
Fax: 02890 726085

**BIRMINGHAM**

Tel: 0121 236 9471  
Fax: 0121 233 3597

**BRISTOL**

Tel: 0117 929 2616  
Fax: 0117 921 5379

**CROYDON**

Tel: 020 8681 2556  
Fax: 020 8680 7158

**GLASGOW**

Tel: 0141 303 4400  
Fax: 0141 303 4440

**LEEDS**

Tel: 0113 242 1177  
Fax: 0113 242 1746

**MANCHESTER**

Tel: 0161 832 8521  
Fax: 0161 832 0149

**NEWCASTLE**

Tel: 0191 206 4091

**READING**

Tel: 0118 964 2600  
Fax: 0118 964 2680

**WATFORD**

Tel: 01923 229787  
Fax: 01923 251956

|  |   |
|--|---|
| <b>Comprehensive insuring clause</b>   | Comprehensive cover for professional services errors and omissions and managerial liabilities of the fund's and fund manager's directors, officers and employees.<br>Cover is extended to include theft by employees up to £50,000.   |
| <b>Full investigations cover even when no wrongful act is alleged</b>                | A frequent source of claims and an area of cover that is often sub-limited, but Hedge Fund Protector provides cover up to the full policy limit   |
| <b>Specific ring-fenced cover for non executive Directors above the policy limit</b> | Helps insureds reassure and retain non executive directors by providing an additional limit of up to £1m for every NED, above and beyond the overall policy limit   |
| <b>6 year run-off cover for retired directors</b>                                    | Gives peace of mind to those who retire that they have cover for the primary limitation period in respect of liabilities incurred while they acted in an insured capacity   |
| <b>Emergency pre-approved defence costs</b>  | To ensure a claim can be defended from the earliest moment, we cover emergency defence costs up to 10% of the policy limit  |
| <b>Valuable extensions</b>   | <ul style="list-style-type: none"> <li>• Broad cover for claims between insureds</li> <li>• Damages and defence costs of the Fund's directors and officers from a wrongful act, error or omission relating to corporate governance compliance and disclosure standards</li> <li>• Prosecution costs coverage to overturn a judicial order</li> <li>• Fees and expenses following a kidnap</li> <li>• Bail Bond and Civil Bond expenses</li> </ul> |
| <b>Extradition costs cover extension</b>   | Full policy limit is available to resist an extradition request from any jurisdiction, including the US. In addition the policy will cover related costs of up to £250,000 for public relations expenses; up to £25,000 for psychological counselling and up to £25,000 for professional tax advice   |
| <b>Insureds</b>  | Cover is extended to a wide range of personnel involved in a hedge fund operation, including directors and officers, employees, non-executive directors, in-house counsel, company secretaries, compliance officers, general partners of the fund and their heirs, executors and administrators   |
| <b>Key man insurance</b>   | Automatic cover of £2m (higher limits available) for the accidental death of a hedge fund manager, general partner or director. Public relations costs and headhunting costs to manage the implications of losing key personnel and to find replacements.   |
| <b>Public relations expenses</b>   | In a professional environment, reputation is often your most valuable asset. A reputation can be severely damaged by allegations of mismanagement; Hedge Fund Protector provides the means to mitigate that damage.   |
| <b>Regulatory crisis response cover</b>  | A specific fund of £50,000 is available to use at the insured's discretion in face of regulatory crisis (such as a dawn raid). This is over and above specific investigative cover.   |
| <b>Advancement of defence costs (as case proceeds not just when it ends)</b>         | Important for the individual insured to ensure their personal assets are not at stake.  |
| <b>Mitigation and avoidance services</b>   | DLA offer Hedge Fund Protector clients the option to register for bespoke presentations in governance best practice, regulatory crisis management and periodic regulatory bulletins.  |

**THIS INFORMATION IS INTENDED FOR INSURANCE BROKERS AND OTHER INSURANCE PROFESSIONALS**

This insurance is underwritten by AIG UK Limited which is authorised and regulated by the Financial Services Authority (FSA number 202628). This information can be checked by visiting the FSA website ([www.fsa.gov.uk/register](http://www.fsa.gov.uk/register)). Registered in England: company number 1486260. Registered address: The AIG Building, 58 Fenchurch Street, London, EC3M 4AB.

A member company of American International Group, Inc.

These are brief product descriptions only. Refer to the policy for full terms and conditions applicable. Any scenarios are given as brief examples which may give rise to claims. These descriptions should not be relied on to justify coverage in any situation.