



## MIND THE GAP INVESTMENT MANAGERS

The following document is intended as a guide to understanding DUAL New Zealand Mind The Gap Investment Managers Insurance Policy Wording 08.18, what changes have been made to it and how the changes affect the cover provided.

The 01.13 Wording was a combined Policy Wording with all sections included. The 08.18 upgrade provides the policy wording plus a separate General Terms and Conditions Wording, so the product is truly modular.

| Mind the Gap Investment Managers                                   | V01.13  | V08.18  | Comments             |
|--|---|---|----------------------|
| <b>Language / General</b>  |   |   |                      |
| Defined Terms  | Defined Terms identified by CAPITAL LETTERS         | Defined terms identified by <b>bold letters</b>   |                      |
| Sub-limits or %  | Mentioned in Wording                                | Any reference to sub-limits removed from Wording and now specified in the Schedule.   |                      |
| <b>Insuring Clause</b>   |   |   |                      |
| Fund and Investment Manager Professional Civil Liability           | Insuring Clause 2.1                                 | Insuring Clause 1.1   |                      |
| Fund and Investment Manager Directors' & Officers' Liability Cover | Insuring Clause 2.2                                 | Insuring Clause 1.2   |                      |
| Fund and Company Reimbursement Cover                               | Insuring Clause 2.3                                 | Insuring Clause 1.3   |                      |
| Employment Practices Liability Cover                               | Not Included  | Insuring Clause 1.4   | Coverage enhancement |
| Crime Cover  | Was previously covered under<br>Insuring Clause 2.4 | Now split into two Insuring Clauses<br>Insuring Clause 1.5 Internal Crime cover<br>Insuring Clause 1.6 External Crime cover | Clarification        |
| Defence Costs  | Not offered in addition to the indemnity limit      | Insuring Clause 1.7<br>Offered in addition to the indemnity limit   | Coverage enhancement |

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| <b>Insuring Clause</b>                                   |   |  |  |
| Advancement of Defence Costs                             | Extension 3.1   | Insuring Clause 1.8  |  |
| Securities Entity Cover                                  | Not Included  | Insuring Clause 1.9  | Coverage enhancement   |
| Statutory Liability & Supplementary Legal Expenses Cover | Extension 3.23 Pecuniary Penalties<br>Sub-limited to \$1,000,000  | Insuring Clause 1.10<br>Full Policy Limit Available  | Coverage enhancement   |
| <b>Automatic Coverage Clause (Section A)</b>             |   |  |  |
| Continuous Cover   | Extension 3.2<br>Subject to DUAL being the previous insurer   | Insuring Clause 2.1<br>No requirement for DUAL to have been the previous insurer   | Coverage enhancement   |
| Court Attendance Costs                                   | Extension 3.9<br>\$500 per day per insured person, sub-limited to \$100K  | Insuring Clause 2.2<br>\$500 per day per insured person, sub-limited to \$100K   |  |
| Discovery Period   | Extension 3.3<br>a. 45 days automatically with nil EP<br>b. 12 months @ 50% of the expiring premium<br>c. 72 months if a transaction takes place, on such terms and conditions and for such additional premium as we may reasonably decide. | Insuring Clause 2.3<br>a. 90 days with nil EP<br>b. 12 months, for an additional premium of 100% of the expiring premium<br>c. 84 months, if a transaction takes place, on such terms and conditions, if any, and for such additional premium as we may reasonably decide. | Coverage enhancement<br>84 months available<br>Clarification that for a 12 month discovery period the applicable premium is 100% of the expiring annual premium. |
| New Funds  | Extension 3.5   | Insuring Clause 2.4  |  |
| New Subsidiaries   | Extension 3.6   | Insuring Clause 2.5  |  |
| Panel Counsel  | Not Included  | Automatic Coverage Clause 2.6  | Coverage enhancement<br>1 hour free legal advice from a panel firm regarding a covered claim or circumstance accepted by the policy.                             |
| Automatic Run-Off Cover for Retired Insured Persons      | Extension 3.11<br>72 month discovery period   | Automatic Coverage Clause 2.8<br>84 month discovery period   | Coverage enhancement<br>84 months available  |

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| <b>Automatic Coverage Clause (Section A)</b>            |                |   |  |
| Estates, Heirs, Legal Representatives and Spousal Cover | Extension 3.10 | Automatic Coverage Clause 2.9                                       |  |
| Former Subsidiaries and Funds                           | Extension 3.4  | Automatic Coverage Clause 2.10<br>Policy limit or up to \$5,000,000 |  |
| Advisers and Agents (Vicarious Liability)               | Not Included   | Automatic Coverage Clause 2.11<br>Policy Limit or up to \$5,000,000 | Coverage enhancement<br>DUAL will pay to or on behalf of the insured all loss resulting from any claim for civil liability arising from the conduct of any Qualified Financial Entity Adviser or agents of the company in the conduct of the investment services and for whose acts, errors or omissions the company is liable |
| Breach of Privacy                                       | Extension 3.12 | Automatic Coverage Clause 2.12<br>Policy Limit or up to \$1,000,000 |  |
| Consumer Protection Legislation                         | Extension 3.13 | Automatic Coverage Clause 2.13<br>Policy Limit or up to \$2,000,000 |  |
| Defamation  | Not included   | Automatic Coverage Clause 2.14<br>Policy Limit or up to \$5,000,000 |  |
| Key Man Loss  | Not Included   | Automatic Coverage Clause 2.15<br>Policy Limit or up to \$5,000,000 | Coverage enhancement<br>DUAL will pay to or on behalf of the company or fund all key man loss sustained during the insurance period.   |
| Intellectual Property                                   | Not Included   | Automatic Coverage Clause 2.16<br>Policy Limit or up to \$1,000,000 | Coverage enhancement   |

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| <b>Automatic Coverage Clause (Section A)</b>                  |   |   |   |
| Lost Data   | Not Included                            | Automatic Coverage Clause 2.17<br>Policy Limit or up to \$1,000,000 | Coverage enhancement  |
| Lost Documents  | Extension 3.14                          | Automatic Coverage Clause 2.18                                      |   |
| Mitigation Costs  | Extension 3.17<br>Sub-limited to \$250K | Automatic Coverage Clause 2.19<br>Sub-limited to \$250K             |   |
| Reinstatement of Indemnity Limit for Claims by Retail Clients | Not Included                            | Automatic Coverage Clause 2.20                                      | Coverage enhancement<br>If a claim or claims covered under Insuring Clause 1.2 or 1.3 exhausts the indemnity limit of this policy and all excess layer policies which have been purchased in excess of this policy combined, the indemnity limit of this policy will be reinstated once only in respect to any separate and subsequent claim or claims which are brought by retail clients against an insured.                  |
| Additional Limit for Non-Executive Directors                  | Extension 3.7                           | Automatic Coverage Clause 2.21                                      |   |
| Bail Bond Expenses  | Extension 3.16<br>Sub-limited to \$250K | Automatic Coverage Clause 2.22<br>Sub-limited to \$500K             | Coverage enhancement  |
| Deprivation of Asset Expenses                                 | Not Included                            | Automatic Coverage Clause 2.23<br>Policy Limit or up to \$5,000,000 | Coverage enhancement<br>DUAL will pay the deprivation of asset expenses of an insured person in the event that an interim or interlocutory court order is made against an insured person which seeks to confiscate, control, suspend or freeze rights of ownership of real property or personal assets of an insured person or creates a charge or security interest over real property or personal assets of an insured person |

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| <b>Automatic Coverage Clause (Section A)</b> |  |   |   |
| Extradition Costs                            | Extension 3.19                               | Automatic Coverage Clause 2.24<br>Policy Limit or up to \$5,000,000 |   |
| Insured Person Tax Liability                 | Not Included                                 | Automatic Coverage Clause 2.25<br>Policy Limit or up to \$1,000,000 | Coverage enhancement<br>DUAL will pay as loss an insured person's personal liability for the unpaid taxes of the company in the event that the company becomes insolvent and an insured person is ordered to pay the unpaid taxes of the insured, except to the extent that such liability arises from the wilful intent of the insured person to breach any duty governing the payment of taxes. |
| Outside Entity Executive Cover               | Extension 3.22                               | Automatic Coverage Clause 2.26                                      |   |
| Pollution Loss                               | Extension 3.24<br>Sub-limited to \$2,000,000 | Automatic Coverage Clause 2.27<br>Policy Limit or up to \$2,000,000 |   |
| Prosecution Costs                            | Extension 3.25<br>Sub-limited to \$250K      | Automatic Coverage Clause 2.28<br>Sub-limited to \$500,000          | Coverage enhancement<br>Prosecution costs means any reasonable fees, costs and expenses incurred by an insured person with our prior written consent (which will not be unreasonably withheld or delayed), to bring legal proceedings.  |
| Shareholder Costs                            | Not Included                                 | Automatic Coverage Clause 2.29                                      | Coverage enhancement<br>We will pay as loss any adverse costs orders awarded against the insured in favour of a shareholder or group of shareholders of the company.  |

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| <b>Automatic Coverage Clause (Section A)</b>        |  |   |   |
| Work Health & Safety Costs                          | Extension 3.21<br>Sub-limited to \$1,000,000 | Automatic Coverage Clause 2.31<br>Policy Limit or up to \$1,000,000 |   |
| Computer Crime Costs                                | Extension 3.26<br>Sub-limited to \$500,000   | Automatic Coverage Clause 2.33<br>Policy Limit or up to \$5,000,000 |   |
| Contractual Penalties                               | Not Included                                 | Automatic Coverage Clause 2.34<br>Policy Limit or up to \$5,000,000 | Coverage enhancement<br>DUAL will pay to or on behalf of the company for any contractual penalty assumed by and enforced against the company under a written contract between the company and a third party, which is payable as a direct consequence of an internal crime or external crime covered under this policy. |
| Credit Card Fraud                                   | Not Included                                 | Automatic Coverage Clause 2.35<br>Policy Limit or up to \$5,000,000 | Coverage enhancement<br>DUAL will pay the direct financial loss of the company caused as a result of a credit card fraud discovered during the insurance period.  |
| Destruction or Disappearance of Money or Securities | Not Included                                 | Automatic Coverage Clause 2.36                                      | Coverage enhancement<br>DUAL will pay the direct financial loss of the company caused by the destruction or disappearance of money or securities in the course of an internal crime or external crime.  |
| Erroneous Transfer of Money or Securities Cover     | Not Included                                 | Automatic Coverage Clause 2.37<br>Policy Limit or up to \$5,000,000 | Coverage enhancement<br>DUAL will pay the direct financial loss of the company caused by the wrongful retention by a third party of money or securities erroneously transferred to that third party which is discovered during the insurance period   |

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| <b>Automatic Coverage Clause (Section A)</b> |  |  |  |
| Extortion                                    | Not Included                               | Automatic Coverage Clause 2.38<br>Policy Limit or up to \$5,000,000  | Coverage enhancement<br>DUAL will pay the extortion costs of the company caused by extortion committed by a third party during the insurance period  |
| Future Loss Prevention Costs                 | Not Included                               | Automatic Coverage Clause 2.39<br>Sub-limited to \$500K  | Coverage enhancement<br>DUAL will pay the future loss prevention costs of the company.<br><br>Future loss prevention costs includes the reasonable costs of the company engaging an external consultant to investigate the cause of a direct financial loss covered under this policy, and to provide a report detailing to the company ways in which the company can prevent future potential internal crime or external crime from occurring. Future loss prevention costs are only payable once indemnity has been granted under this policy and any direct financial loss has been paid by us. |
| Identity Theft Expenses                      | Extension 3.27<br>Sub-limited to \$500K    | Automatic Coverage Clause 2.40<br>Policy limit or up to \$1,000,000  |  |
| <b>Definitions</b>                           |  |  |  |
| Insured Person/<br>Administrators Executors  | Extension 3.8 Administrators and Executors | Definition 5.44 Insured Person includes:<br><br>b. the estate, heirs, legal representatives or assigns of any deceased or mentally incompetent, bankrupt or insolvent insured person in (a) above, but only in respect of a wrongful act committed by an insured person; |  |

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| <b>General Conditions and Exclusions</b> |  |                        |   |
| Molestation Exclusion                    | Not Included   | Included               |   |
| Misuse of Drugs Exclusion                | Not Included   | Included               | DUAL will not cover the use, manufacture or distribution of methamphetamine or any other substance prohibited by the Misuse of Drugs Act 1975 or any amending or replacement legislation.   |
| Sanctions Limitation and Exclusion       | Applied by Endorsement   | Exclusion 6.14         | Standard market exclusion   |
| Cancellation Clause                      | <p>General Condition 6.4</p> <p>The INSURED may cancel the POLICY at any time by notifying US in writing.</p> <p>WE may cancel the POLICY at any time by sending 30 days notice in writing to the INSURED named in the</p> <p>Schedule of the date from which the cancellations take effect. Such notice may be delivered personally, posted, emailed or faxed to the INSURED named in the Schedule or their representative last notified to US.</p> <p>On cancellation of this POLICY, WE will retain the proportion of the premium calculated pro rata as at the date of the cancellation plus 15% of that amount.</p> | General Condition 6.18 | <p>Clarification that the Insured may cancel the policy at any time with immediate effect. Provided that there have been no claims or notifications made on or under the policy, DUAL will agree to allow a refund of premium calculated on a pro-rata basis, provided that we will always retain a minimum of 25% of the full annual premium.</p> <p>Minimum retained premium was 15%, but is now 25%.</p> |



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| <b>General Conditions and Exclusions</b> |              |                        |   |
|  | Not Included | General Condition 6.33 | <p>Clarification</p> <p>This policy will only cover loss under the policy to the extent that the amount of such loss is in excess of any indemnity or cover available to the insured in respect of that loss under any other policy entered into by the insured, including but not limited to those policies specified in the schedule or by endorsement, even if the other insurance or indemnity has a term to that effect.</p> <p>Other insurance means any other insurance policy including but not limited to those policies specified in the schedule, or by endorsement.</p> |