



## Investment Managers Profile

### DUAL's Coverage:

DUAL New Zealand recognises the unique risks faced by Investment Managers in today's complex and demanding regulatory environment. Our specialist expertise in this industry allows us to offer bespoke solutions, which can be tailored to a policyholder's unique risk profile.

DUAL New Zealand's Investment Managers Insurance has been specifically designed for the needs of New Zealand Investment Management firms. It combines multiple coverage sections into one easy to transact policy form, providing convenience and peace of mind to investment management professionals.

Backed by Lloyd's security, DUAL New Zealand's Investment Managers Insurance Policy provides a broad form cover for New Zealand investment managers allowing our clients the financial security of Lloyd's global reach.

DUAL has developed a comprehensive Investment Managers Insurance offering our Brokers and Insureds market leading cover, with specialist knowledge in the industry from our dedicated Underwriting team.

### Key Facts

- In 2017, consolidated assets of the New Zealand industry stood at \$84.0 billion, with managed funds making up 75.6% of AuM.<sup>1</sup>
- Managed funds were allocated most heavily to overseas assets at 40.5% - a 2.0 percentage point increase in allocation since 2014.<sup>2</sup>
- Since 2004 we have experienced a regulatory reform as numerous asset managers and other capital market players in New Zealand were not licensed or supervised. Investment managers are now regulated and subjected to governance, eligibility and disclosure requirements.<sup>3</sup>

1-4 PWC, Asset & Wealth Management Market Intelligence Digest 2018.



**51%**  
**of New Zealand organisations have experienced economic crime in the past two years.<sup>4</sup>**

#### DUAL NEW ZEALAND

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# Features of Cover:

**Cover is based on DUAL New Zealand Mind The Gap Investment Managers Insurance Policy Wording 08.18:**

## Professional Indemnity

- Full Civil Liability Wording
- Reinstatement of the indemnity limit for claims by retail clients
- Vicarious Liability Cover for Agents and Advisers
- Breach of Privacy Cover
- Cover under Consumer Protection Legislation
- Defamation Cover
- Former Subsidiary and Fund Cover
- Key Man Loss
- Intellectual Property Cover
- Panel Counsel Clause
- Public Relations Expenses Cover

## Directors' & Officers' Liability

- Traditional Side A, B and C
- Employment Practices Liability Cover for Insured Persons
- Additional Limit for Non-Executive Directors
- Deprivation of Asset Expenses
- Extradition Costs
- Outside Entity Cover
- Bail Bond Expenses
- Public Relations Expenses
- Work Health & Safety Costs
- Insured Person Tax Liability
- Pollution Defence Costs and Investigation Costs
- Prosecution Costs

## Employment Practices Liability

- Cover for Employment Related Investigations
- Public Relations Expenses

## Crime Protection

- Including Internal and External Frauds
- Access to a dedicated Whistleblower Hotline
- Contractual Penalties Resulting from an Internal or External Crime
- Computer Crime Costs
- Credit Card Fraud
- Destruction or Disappearance of Money or Securities
- Extortion Costs
- Erroneous Transfer of Money or Securities
- Future Loss Prevention Costs
- Identity Theft Expenses
- Loss of Interest Income
- Cover for the Loss of Cryptocurrencies (including Bitcoin)

## Statutory Liability & Supplementary Legal Expenses

- Automatic Run-off for Retired Insured Persons
- Insured Person Tax Liability
- Pollution Defence Costs and Investigation Costs
- Prosecution Costs
- Automatic Unincorporated Joint Venture Cover



# Proven Claims Experience

## IMI Claims Example 1

### Profile:

Investment manager, 40 staff, \$32M turnover.

### Background:

A client of the Insured invested \$750,000 into a contributory mortgage investment scheme on the advice of the Insured. The panel valuer appointed by the Insured grossly over estimated the value of the property at \$7.8m when its correct value was \$2.9m. The developer of the property was unable to complete the project due to financial trouble and went into liquidation. This resulted in the property being handed over to the Insured who sold the property for \$980,000, less than a quarter of what it was valued at. The client made a claim against the Insured on the basis that they were negligent in their handling and management of the investment by appointing a valuer that lacked the required experience and the financial statements they obtained regarding the developers finances were out of date.

### Response:

The Insured claimed under their IMI Policy and indemnity was granted. The claim was settled before court on the agreement that the Insured would pay the claimant \$100,000 and their defence costs.

### Payment:

\$235,000.

## IMI Claims Example 2

### Profile:

Stockbroker, 54 staff, \$10M turnover.

### Background:

The Insured trades securities for retail clients. It came to the attention of the Insured that some of their clients shares had been sold without authorisation and the amounts had been paid into fake bank accounts. The affected clients made a claim against the Insured to have their shares reinstated to the position they were in before the fraud.

### Response:

The Insured claimed under their IMI policy and indemnity was granted under Clause 11.1 Care, Custody and Control.

### Payment:

\$850,000.

