

## Hanover Financial Institutions Advantage

# Protection built for the realities of today's asset managers

Asset managers operate amid increasing risk, evolving regulatory expectations and heightened scrutiny of both professional judgment and governance. As these pressures grow, you need a solution that can keep pace with a complex and changing landscape.

**Asset Manager Advantage Pro**, our admitted, single-policy management and professional liability solution, is designed to help address these challenges. With The Hanover, you can meet the distinct needs of these organizations with protection that aligns with what they need today and over the long term.

## Appetite at a glance

Asset Manager Advantage Pro is built to protect a broad spectrum of asset managers.

### In appetite

- Consultants
- Family offices
- Hedge funds
- Investment advisers
- Mutual funds
- Planners
- Private equity firms
- Real estate investment trusts (REITs)
- Trust companies
- Venture capital firms

### Not in appetite

- Cannabis-related businesses
- Cryptocurrency-related businesses
- Payday lenders

## Key policy features

- Claims-made policy
- Primary or excess coverage
- Limits up to \$10 million
- Shared or separate limits
- Pay on behalf, with ability to amend to duty to defend
- No hammer clause
- Advance defense expenses
- Ability to offer cost of corrections
- Worldwide coverage territory
- Automatic one-year extended reporting period
- Ability to offer up to a six-year optional run-off period



## Coordinated protection for asset managers

Asset Manager Advantage Pro is structured as a cohesive set of seven coverage parts that can stand on their own or be combined into a comprehensive management and professional liability solution.

### Directors & officers and entity liability

- Individual non-indemnified liability (side A)
- Individual indemnified liability (side B)
- Corporate entity liability (side C)
- Outside directorship liability
- Security holder derivative demand investigation
- Personal interview expense
- Supplemental limit of liability for independent directors
- Retiree coverage
- Public relations event expenses coverage

### Employment practices liability

- Employment practices liability
- Third party liability
- Workplace violence expense coverage
- Privacy violation coverage

### Fiduciary liability

- Fiduciary liability coverage
- Plan preliminary investigation or adverse benefit denial appeal
- Compliance resolution coverage
- Fiduciary expense coverage
- IRS section 4975 expense coverage
- Privacy violation coverage

### Investment adviser professional liability

- Investment adviser liability
- Mutual fund service provider liability
- Personal interview expense coverage

### Mutual fund liability

- Mutual fund management and entity liability
- Securities holder derivative demand investigation coverage
- Personal interview expense
- Supplemental limit of liability for mutual fund independent directors

### Private fund liability

- Private fund management, entity and professional liability
- Outside position liability
- Personal interview expense coverage
- Supplemental limit of liability for private fund independent directors

### Cyber insurance

- Third party coverage
  - Privacy and security liability
  - Cyber media liability
  - Cyber investigations
- First party coverage
  - Security breach notification and remediation
  - Systems and data restoration
  - Cyber extortion
  - Payment card fines and penalties
  - Cyber business interruption extra expense
  - Employee theft
  - Computer fraud
  - Social engineering
- Investigative expenses

In addition to Asset Manager Advantage Pro, The Hanover offers additional specialty lines coverage that can be tailored to meet the unique needs of each client, including:

- Financial institution bond
- Property floater
- Fine arts floater

The Hanover also offers core commercial lines protection for asset managers, including:

- Property
- Commercial umbrella
- General liability
- International
- Commercial automobile
- Workers' compensation

## Claims expertise

Asset managers make decisions when the stakes are high, decisions that are often closely scrutinized. This makes industry specialization and consultative claims service must-haves.

With The Hanover, you and your clients can benefit from:

### A dedicated team

- Dedicated financial institutions claims unit with teams of professionals who solely focus on management and professional liability or fidelity and crime claims
- Claims professionals with more than 20 years of experience on average
- Deep understanding of policy provisions to ensure specialized handling of complex claim cases

### Proven expertise

- Experienced in-house staff counsel for employment practices liability claims with low, pre-negotiated hourly rate to maximize policyholder retentions
- A hand-selected panel of trusted attorneys who are well-versed in local laws and legal interpretations

### Consultative claims management

- Collaborative relationship between claims, underwriting and product for individual claim support, form consultation, and constant evolution and improvement
- Proactive communication with agents, brokers and policyholders throughout the process
- Early incident investigation as appropriate to ensure timely response
- Strategic roundtables with adjusters, attorneys and claims leadership

## Claims scenarios

### Alleged mismanagement

A successful attorney worked with our policyholder, a wealth strategy company, to set up a financial plan that included a multi-million-dollar universal life insurance policy, funded by projected income from his brokerage account. Although the risks of the variable nature of fixed income investments were discussed in detail, the returns fell short of what was anticipated. The attorney spent his other funds on major personal purchases, leaving him unable to pay policy premium. After the policy lapsed due to nonpayment, he sued our policyholder, alleging a failure to properly warn him of the risks.

#### HOW THE HANOVER HELPED:

Through the policyholder's errors and omissions coverage, we covered \$95,000 in legal fees and supported a successful motion for summary judgment. This ended the case in the policyholder's favor and protected them from unnecessary out-of-pocket costs.

### Alleged breach of fiduciary duty

After being targeted by a scam involving a fake law enforcement agent, a physician asked our policyholder, a capital management company, to liquidate more than \$1 million in investments. Advisers questioned the urgency and encouraged the physician to be wary of potential fraud, but the client insisted on immediate action. After losing the money to the scam, she filed a claim accusing our policyholder of breaching fiduciary duties.

#### HOW THE HANOVER HELPED:

Our errors and omissions coverage funded the policyholder's legal defense, totaling more than \$500,000, through five years of litigation and private arbitration. The arbitrator ultimately found no fault and awarded zero damages.

## Let's connect

Contact me today to learn more about how  
The Hanover can support your success.



The  
**Hanover**  
Insurance Group®

The Hanover Insurance Company  
440 Lincoln Street, Worcester, MA 01653

hanover.com  
The Agency Place (TAP)—<https://tap.hanover.com>

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