



Protection for investment advisors and funds

TRAVELERS SELECTONE FINANCIAL AND PROFESSIONAL SERVICES

Due to the nature of their work, investment advisors are regularly exposed to potential liability. Even with the most transparent investment guidelines and client communication, advisors are faced with a variety of risk exposures:

- Suitability of client investments
- Improperly executing client transactions
- Regulatory investigations
- Financial misstatements

Protecting advisors from costly exposures

The *Travelers SelectOne* policy is designed specifically for investment advisors and can be customized to include a range of coverages:

Investment advisors professional liability

Investment advisors can be held liable for errors and omissions that may occur in the provision of professional services to their clients. Protection is essential for investment advisors as a result of an increasingly litigious environment.

Mutual fund liability

Wrongful termination of a sub-advisor contract, failure to properly value a mutual fund, and failure to adhere to the fund's investment restrictions are all significant exposures faced by mutual funds. Mutual fund liability coverage is designed to protect the mutual fund and its board of directors from claims related to the management of the mutual fund.

Hedge fund or private investment fund liability

In an evolving industry known for its swift pace and competitiveness, balancing high expectations of sophisticated investors while managing funds and adhering to standards of good faith and fiduciary duty can generate a variety of liability exposures for hedge funds and private investment funds, and their managers. The hedge fund or private investment fund liability insuring agreement provides hedge funds and

private investment funds with protection for claims arising from the alleged mismanagement of a fund.

Directors and officers liability

Privately held companies are exposed to the same types of liability as their public company counterparts. From small, family-owned businesses to large corporations, potential exposures exist related to strategic planning, decision-making and managing day-to-day operations. Potential liability scenarios may involve the sale of the company or a subsidiary, reorganization, financial weakness or conflict of interest.

Directors and officers (D&O) coverage includes individual D&O liability, company indemnification liability, full company liability and non-profit outside directorship liability.

Independent Review Committee (IRC) liability

IRC members are charged with reviewing conflicts of interest that may arise out of the management of mutual funds and making recommendations to the manager as to how these conflicts can be resolved. IRC members may face liability for breaches of their obligations and potential liability for negligence, negligent misrepresentation and/or breach of fiduciary duty.

Travelers has the ability to offer IRC coverage on a standalone basis, as limits can be eroded by the fund or the fund manager.

Key features of *Travelers SelectOne*

- Can include public company liability, fiduciary and employment practice liability coverage
- Exclusions and the application form are fully severable with respect to innocent insured persons
- Coverage extends to the company and its directors, officers and employees (hedge fund and private equity fund coverage includes general partners)
- Coverage for subsidiaries extends to certain owned or controlled limited liability companies and joint ventures
- Includes a broad definition of Professional Services Acts
- Cancellable by Travelers only for nonpayment of premium (where allowed by law)
- If the investment advisor firm is acquired, the policy continues until the end of the policy period for wrongful acts committed prior to the date of acquisition

- Policy can be offered on a duty-to-defend or reimbursement basis, so clients can rely on Travelers to choose their defence counsel or they may choose their own defence counsel with Travelers' consent
- Expansive definition of "claim," which includes formal regulatory proceedings

Business Office Package

In addition to the *Travelers SelectOne* solution, Travelers offers a Business Office Package (BOP), which is a property and liability policy available to private and non-profit organizations with small office exposures.

About Travelers

At Travelers, we do things right. We are committed to keeping pace with the ever-changing needs of our customers, and anticipating their needs for the future. In Canada, Travelers Insurance Company of Canada and St. Paul Fire and Marine Insurance Company are the Canadian licensed insurers known as Travelers Canada.

To learn more about *Travelers SelectOne* and any of our other professional and financial solutions, contact your local Travelers office.

Montreal

514.875.0600
800.361.9427

Toronto

416.366.8301
800.268.8481

Calgary

403.265.6252
800.479.3887

Vancouver

604.684.6574
866.684.6574



travelerscanada.ca

This document is provided for informational purposes only. It does not, and it is not intended to, provide legal, technical or other professional advice, nor does it amend, or otherwise affect, the provisions or coverages of any insurance policy or bond issued by St. Paul Fire and Marine Insurance Company and Travelers Insurance Company of Canada and their subsidiaries and affiliates (collectively "Travelers Canada"). Travelers Canada disclaims all warranties whatsoever.

© 2012 The Travelers Indemnity Company. All rights reserved. Travelers and the Travelers Umbrella logo are registered trademarks of The Travelers Indemnity Company in the U.S. and other countries. CP-7781 Rev. 7-12