

Indemnifying your management and professional liabilities

Employers' and Public Liability insurances for office based risks such as yours are relatively straightforward to arrange, however, the task of insuring your Professional and Management risks is one that requires experience and specialist knowledge.

As a business you are exposed to many sorts of liabilities:

- As an employer
- To members of the public including clients, and
- As a professional organisation

Commonly termed as "Investment Management Insurance" this should include two core elements:

1. Professional Indemnity/Errors & Omissions insurance - extended and tailored for the investment management sector.
2. Directors' & Officers' Liability insurance - to protect your directors, officers and the business against management liabilities.

Many firms fear an increase in the level of law suits due to their peculiar position as both an investor in, and an outside director of, the companies they invest in. Recent changes such as the new voluntary codes of conduct for Private Equity firms, drawn up by Sir David Walker, may result in the increased disclosure of information to the wider public, rather than merely to shareholders. Against this backdrop it is vital that insurance covers are structured to offer the widest possible cover available.

The Oval group of companies (Oval) has identified that traditionally, insurance policies for investment managers contain a number of exclusions and limitations that severely restrict the protection afforded. Examples include shared limits across all covers, the lack of protection for regulatory defence costs and dangerous exclusions relating to innocent non disclosure to insurers. We have negotiated with selected insurers a range of significant improvements in policy wordings.

In addition, we have designed a wide Directors' & Officers' Liability wording for your investee companies that offers a range of benefits to the directors of those entities in addition to yourselves as the investor. One of the most significant benefits is the removal of the major shareholder exclusion that would normally exclude cover for claims from shareholders who control, say, 15% or more of the company.

Many new clients who have appointed Oval have done so because we identified that their coverage did not reflect their business needs. Our approach is to gain an understanding of your company's structure and investment activities and then apply this knowledge to insurance programme design.

