



Investment Managers Insurance Claims Examples



Finance / Mortgages

- ⌚ 16 staff
- ⌚ \$4.1M turnover

Background

The Insured was alleged to have made misleading and deceptive representations contained within their PDS to the claimant outlining that they had experience in valuing properties similar to security property, held adequate insurance and that the LVR would not exceed 60% of the valuation made.

Subsequent investigations revealed that whilst the insurance position could not be held liable, there was no evidence to support that they indeed had the requisite experience

and there were also inconsistencies found with the LVR deviating between 60-66.67%.

The claimant sought damages of \$1,171,000.

Outcome

The Policy was triggered and cover was provided for the Insured's direct financial loss.

Payment: \$350,000 and \$117,500 for defence costs.

Funds Manager

- ⌚ 3 staff
- ⌚ \$1.9M turnover

Background

The Insured specialised in attracting foreign nationals to invest in Australian property related funds to enhance their visa prospects. This Claimant invested \$4.5M in the property fund allegedly on the basis that at the time the Insured knew the property was valued at \$13M.

Following the investment, the Insured made a loan of \$17M to a property developer. The Claimant was allegedly told if the property developer defaulted on the loan, the Claimant would have first rights to the subject property. The property developer borrowed further money

from a separate lender which included a mortgage over the property. The property developer defaulted on the loan and the property was repossessed by the finance company.

The Claimant sued for its loss of investment and associated losses.

Outcome

The Policy was triggered and cover was provided for the Insured.

Payment: \$1,500,000 and \$350,000 for defence costs.

The information contained in this fact sheet is meant as a hypothetical guide only. DUAL Australia does not accept any liability arising out of any reliance on the information in this fact sheet. We urge you to consult your insurance broker, the Insurance Council of Australia or the Australian Financial Complaints Authority (AFCA) for further information. If you are unable to resolve any issues that you may have, you may need to obtain independent legal advice.

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