



IRON COVE
INSURANCE & RISK MANAGEMENT



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**Iron Cove Partners
Named best Global
Insurance Provider
by Hedgeweek**

HEDGE FUND INSURANCE

We **Protect**, So You Can **Prosper**

ironcoveins.com

Given the increasing risks facing the alternative asset management community, the need for a properly designed and tailored insurance program has never been more important. While market volatility remains a concern, the ever-increasing regulatory landscape continues to be a major risk transfer priority for many CCO, CFO and COO's. Hedge Funds increasingly find themselves in the regulators crosshairs today more than ever due to the frequency and severity of scandals and insider trading cases.

IRON COVE INSURANCE

Our executives have over **20 years of experience** in dealing with some of the most complex insurance issues facing the hedge fund industry. Whether it is tailoring and customizing insurance solutions to your firms unique needs or it is settling and negotiating claims, our team is here to help!

- ✓ **BROKERAGE**
- ✓ **CLAIMS ADVOCACY**
- ✓ **ADVISORY & CONSULTING**
- ✓ **POLICY ANALYSIS**

We are one of the nation's leading insurance brokerage firms, specializing in meeting the needs of the financial services industry:

- ✓ Investment Advisers
- ✓ Hedge Funds
- ✓ Private Equity Funds
- ✓ Mutual Funds
- ✓ Securities Dealers
- ✓ Investment Banks

INSURANCE COVERAGE

- ✓ PEO Brokerage and Analysis
- ✓ Health Insurance
- ✓ Office Package Policies
- ✓ Commerical Umbrella
- ✓ Workers Compensation
- ✓ State Disability
- ✓ ERISA Bonds
- ✓ Tailored D&O/E&O Insurance Programs
- ✓ Employment Practices Liability
- ✓ Fiduciary Liability
- ✓ Cyber/Data Security
- ✓ Crime Bonds
- ✓ Key Man Life & Other Executive Benefits
- ✓ Kidnap & Ransom
- ✓ Private Client Services

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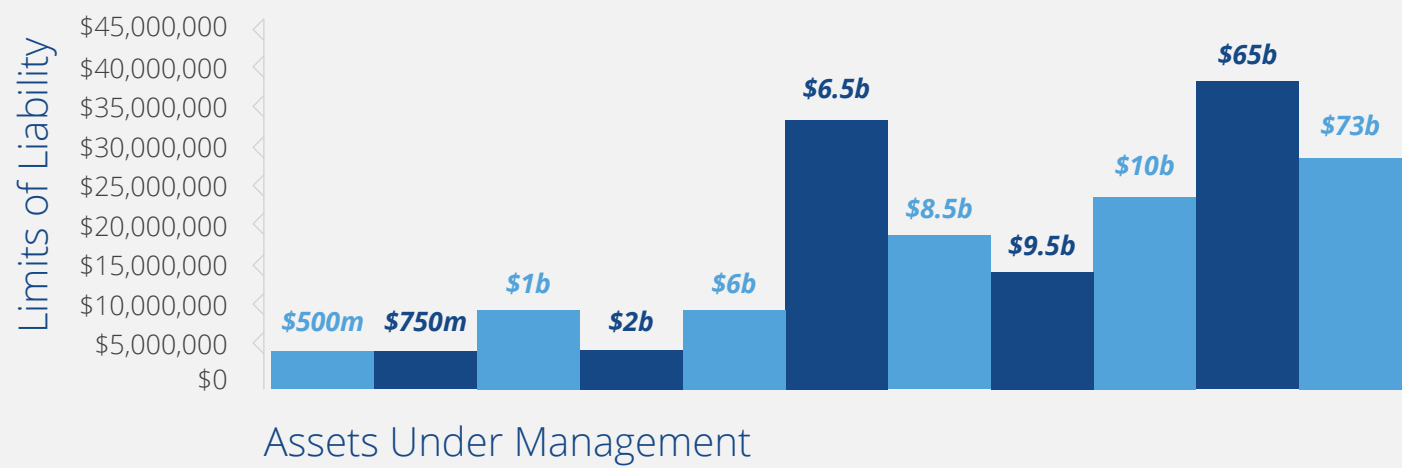


INSURANCE PROGRAM DESIGN

For established funds with existing insurance programs, our goal would be to first conduct an analysis of the program and provide feedback on the limit and coverage adequacy as well as pricing competitiveness. For managers thinking about protection for the 1st time our process needs to be centered around the nature of operations, long-term outlook, risk appetite and cost feasibility. In both instances, we need to fully understand the nuances and intricacies of the firm in order to effectively negotiate on your behalf. Our team not only understands the marketplace, but has fostered long-term relationships with the key insurance company underwriters. These relationships coupled with our up-front due-diligence/pre-underwriting process, positions us to negotiate the most competitive terms available in the market.

With over 150 Hedge Funds as clients coupled with decades of experience in placing and negotiating complex financial institution risks, we have a large amount of benchmarking data which enables our clients to make educated decisions around adequacy as well as select a program that is in line with their peers.

TOTAL COVERAGE CARRIED & CORRESPONDING AUM





HOT BUTTON COVERAGE ISSUES

Our Hedge Fund Insurance Services team is constantly looking to find ways to improve and increase the level protection for our clients. On a continual basis we survey the markets in an effort to determine how the market is addressing some key and pivotal coverage issues. This market intelligence coupled with our long-standing relationships enables us to negotiate the most competitive terms and pricing available for our clients at time of initial placement or to expand coverage annually at renewal.

KEY D&O INSURANCE COVERAGE ISSUES

- ✔ Expanded Definition of claim. There is big market demand to extend coverage for informal regulatory investigations
- ✔ Pre-claim defense costs coverage (look-back only) as well as Interview Costs Coverage Extensions
- ✔ Exclusionary Language related to Insider Trading Investigations
- ✔ AIFMD Coverage Extension
- ✔ Inability of Bank or Broker/Dealer to make payment – a.k.a Lehman Exclusion
- ✔ Breach of Contract Exclusion - Professional Services Carveback
- ✔ Written Undertaking - Requirement for insureds prior to good faith advancement of defense costs
- ✔ Shaving of Limits Provision for Excess Carriers
- ✔ Cost of Corrections/Trade Error Protection
- ✔ Insured vs. Insured Exclusion Carvebacks



TYPES OF CLAIMS

- ✔ SEC Investigations, Enforcement Proceedings (Both Civil and Administrative)
- ✔ DOJ Criminal Proceedings
- ✔ Lawsuits by Investors

Fund of Funds - Failure to conduct appropriate due diligence on underlying managers, excessive fees, etc.

Investor lawsuits against management entities and funds alleging:

- ✔ Mis-management
- ✔ Style drift
- ✔ Failure to supervise
- ✔ Breach of fiduciary obligations
- ✔ Valuation issues
- ✔ Selective disclosure
- ✔ Compliance breach
- ✔ Misrepresentations
- ✔ Intentional mis-conduct
- ✔ Breach of investment objective

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CLAIMS HANDLING AND ADVOCACY

In the event any of our clients have a claim under their policy, we are with them every step of the way. From the initial receipt of the claim and notice to the carrier to settlement. Given the complexity of Regulatory investigations or investor litigation, it requires a claims management team that has both the experience and the in depth knowledge of the insurance contract in order to maximize recovery.



✓ Follow-up for Acknowledgement and Coverage Position

Follow-up for acknowledgement and subsequent reservation of rights letter and/or coverage analysis by carrier

✓ Conduct Internal Coverage Analysis

Identify potential coverage issues or how the policy will respond. e.g. Review definition of claim, Has a wrongful act occurred? What insuring agreements may the claim fall under?

✓ Discussion with Insured Counsel

Set up calls with Insured Counsel to provide initial guidance on claims process and establish lines of communication. We must establish insurance company approval of insured counsel and their rates

✓ Expedite advancement of defense costs

Once deductible has been satisfied, push for insurance company to expedite payment

✓ Draft Notice of Claim or Circumstance Letters

Assist with drafting the notice letters to the respective insurance company claims contacts (both primary & excess)

✓ Claim or Circumstance Arises

Discussion with client regarding potential claim or set of circumstances.

✓ Policy Reporting & Notification Requirements

Discuss and review policy notification provisions and make sure that policyholders obligations are adhered to

CASE STUDY #1

\$10 BILLION ASSET MANAGER



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WHO

\$10 Billion Outsourced Investment Firm and Alternative Asset Management Firm

THE RISKS

Asset Management firms face a number of complex liability exposures that require proactive risk management consulting. Advisers face risks stemming from the performance of professional services coupled with non-investment operational risks like D&O, employment practices, employee fidelity not to mention the ever growing need to address cyber & data security risks.

INITIAL CONCERNS

Lack of service and failure to proactively recommend risk management solutions.

WHAT WE DID

After our initial meeting, we conducted a detailed analysis of the firms coverage and found areas which needed to be improved. We scheduled a follow-up meeting with the firm's management team, in order to review our findings and talk about how we can add additional value to their risk management function within the organization. We were authorized as the broker of record in advance of the August 2016 renewal. Our brokerage team then devised a plan to demonstrate and deliver on our promise.

OUTCOME

We saved our client 16% in annualized premium. We offered higher limits of liability, addressed coverage deficiencies, proposed options for SIDE A D&O Coverage, Fidelity and Stand-Alone Cyber/Data Security.

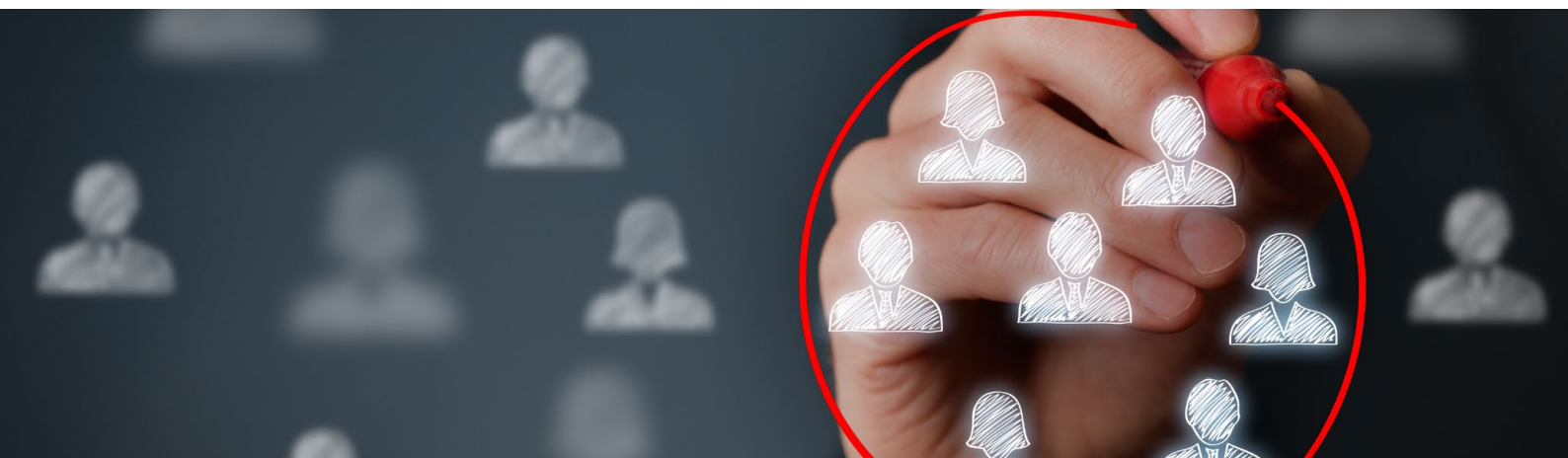
For the same premium as paid the year prior, our client purchased \$30,000,000 of coverage up from \$25,000,000 the year prior. Further, given the savings, our client was able to procure a stand-alone Fidelity Bond and separate Cyber Coverage for no additional cost. Lastly, as with all of our clients, we set up them up on our 24/7 internet portal so that they can access all of their pertinent insurance documents at anytime.



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CASE STUDY #2

\$6.5 BILLION ASSET MANAGER



WHO

\$6.5 Billion New York Based Wealth Manager and PE Fund

THE RISKS

After a series of meetings with the Risk Manager, we talked about the direction of the firm and what was ultimately of concern to their operations team from an insurance perspective. Driving down cost was important as was improving the quality of the D&O coverage.

WHAT WE DID

The prospective client requested that we seek competitive alternative options to their current program for the basis of comparison for their upcoming renewal. Upon execution of an NDA, we called the insurance marketplace to determine who had seen and previously underwritten the risk. Much to our clients' dismay, and rightfully so, most of the insurance marketplace had never seen any underwriting materials on the company. This meant that there never was a competitive process nor any opportunity to fully gauge how the market had moved from a coverage or price perspective. We then reviewed the primary policy form and identified numerous coverage gaps which needed to be addressed. Prior to renewal, we approached the insurance marketplace and negotiated extremely competitive renewal terms.

OUTCOME

The \$15,000,000 insurance program was structured with two (2) carriers: \$10,000,000 and \$5,000,000 respectively. In order to minimize the primary carriers overall exposure, we opted to build the program in layers of \$5,000,000

By doing this we procured lower retention options as well as much lower primary premium indications. We added numerous coverage enhancements including informal regulatory investigations, cost of corrections and pre-claim coverage all while cutting costs over (37%).

We provided relevant peer data and discussed utilizing the savings to procure more coverage as we felt they were under-insured and should be carrying more protection.

OUR TAKE

Whether at renewal or when marketing new business, our approach remains the same. Consultative and always with our clients interest in mind.



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TESTIMONIALS

WHAT OUR CLIENTS ARE SAYING ABOUT US



”

Good morning Louis! Thank you for the email and the information. Working with the Iron Cove team to migrate my business insurance was a breeze.

The information he provided throughout the process is better than what I experienced with previous providers. The presentation with coverage options and the time spend explaining those options was very impressive.

On top of everything Iron Cove was able to save us some money, which was well received by my investors. We are looking forward to a great relationship.

”

Iron Cove has been an invaluable resource to me as CFO.

I find Louis to be very responsive, accommodating and helpful as our insurance broker. I have recommended his firm to many of my industry colleagues primarily due to the service we receive and especially with Louis as our point of contact.

Iron Cove and there team of Insurance professionals have their finger on the pulse of the market.

They are able to provide specific thoughtful advice on types of coverage, amount of coverage, and selection of coverage. I recommend Iron Cove without reservation.

”

I worked with Louis for a number of years while I was the CFO at an investment management firm. During that time, he consistently impressed me with his knowledge of the insurance market and his rofessionalism.

I was able to trust and rely on Louis to get things done well, and this was a great help to me and my company. And he's a really nice guy to work with.

Lou and Greg of Iron Cove Partners were able to quickly show us their strong knowledge of the insurance markets with policies tailored to the needs of our business.

Considering my years of experience in the investment management and hedge fund industries, I had no concerns about moving our professional liability insurance and financial institution bond to Iron Cove.



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INSURANCE & RISK MANAGEMENT



WHY IRON COVE PARTNERS?

- ✓ Leading Provider of Insurance Solutions to the Financial Services Industry
- ✓ Direct insurance carrier communication which enhances brokerage process
- ✓ Effective and aggressive negotiators
- ✓ Long-standing relationships with key financial institution underwriters
- ✓ Experienced team with vast technical knowledge of various management & professional liability policies
- ✓ Proprietary 4-Step Iron Cove Process which helps our team adequately address risk profile
- ✓ High-touch service oriented culture (e.g. pre-complete applications, pre-underwrite accounts, etc.)
- ✓ Experience in working with some of the world's largest Financial Institutions
- ✓ Strong claims advocacy team

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FOR MORE INFORMATION,

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Iron Cove Partners, LLC is a 25-year old full-service Insurance & Risk Management agency specializing in addressing the needs of the alternative asset management industry. Iron Cove's Financial Institutions Group, led by industry veteran, Lou D'Agostino provides insurance advisory and brokerage to some of the world's largest private investment firms. Everything from Employee Benefit Consulting & Office Insurance to Fidelity Bonds & Directors & Officers Liability Protection. The Iron Cove team currently serves over 150 Financial Services clients ranging in size from \$50,000,000 to \$70Billion in Assets under Management.