



What has Claims Seen Lately in Financial Lines?

We take great pride in our claims handling responsibilities and over the years have built a name and a reputation for providing empathetic claims service in a fair and prompt manner.

As claims management has become increasingly complex, and lines of business more diverse, we continue to follow our original claims principle: treat each customer with empathy, promptness, expertise, fairness and integrity.

With almost 5,000 Chubb claims professionals worldwide and over 100 across Canada, including an office in Montreal with a bilingual team, we have the technical and local knowledge to expertly handle any claim.

Recent Crime Claims

Employee Theft

Facts: Company Credit Cards used by short-term contract Employee. Misappropriated approx. \$300k to her personal benefit by putting her expenses on the card and padding pay cheques with additional reimbursements.

Coverage: Asset Management Bond (fidelity) Coverage triggered under Insuring Clause 1 for Employee Dishonesty. We investigated whether she was an Employee for the purposes of Coverage.

Resolution: Chubb Paid approx. \$300k based on Proof of Loss after confirming she met definition of Employee and reviewing detailed documentary support re this employee dishonesty via payroll and company credit cards.

Technology-related fidelity loss

Facts: Insured administers employer-sponsored retirement plans, including managing the online platform and portal architecture for these plans. Insured suffered a series of unauthorized access and plan withdrawals - approx. 50 transfers from these funds, and loss in the millions.

Coverage: Fidelity Bond and Electronic and Computer Crime Policy ("ECCP") (Computer System Insuring Clause and Fraudulent Transfer Rider) triggered.

Resolution: Chubb paid approx. \$300k USD under the Computer System Insuring Clause, and approx. a further \$100k above the \$250k deductible under the Fraudulent Transfer Instructions Rider Coverage.

Recent Cost of Corrections Claims

Work From Home

Facts: Given WFH in March 2020, Insured investment company had IT systems issues getting access to their investment platforms. Investment advisor/trader unable to act on trade instructions in timely manner resulting in financial loss to clients.

Coverage: Cost of Corrections Endorsement on the AMP Policy triggered.

Resolution: Chubb assessed likely legal liability exposure and worked with insured to mitigate loss. Chubb covered loss of approx. \$300k.

Options Trade Error

Facts: Portfolio Manager erroneously traded 30k contracts instead of intended 300. Provided instructions to broker (bank) but made mistake of not dividing # of contracts by 100. Unintended short position resulted in affected fund suffering significant loss - approx. \$10M.

Coverage: Cost of Correction Endorsement - Excess follow-form. Chubb approx. \$5M excess \$5M. Primary confirmed claim paid up to the approx. \$5M CAD Limit, subject to an approx. \$1M Retention. Chubb agreed and issued follow-form position.

Resolution: Obtained documentation to confirm the execution of the trade and mitigation efforts. As per investigation, we accepted insured is 100% liable for the error. Chubb paid its limits on excess policy.

Recent D&O Claims

Regulators Enforcement - Novel sections of legislation

Facts: Marketing trips wherein lavish gifts were given by the insured investment company and its CEO to their broker sales clients of which Provincial Regulators became aware > commenced investigation > Enforcement Branch served orders and summons on entity , CEO, COO.

Coverage: AMP - Coverage for defence costs under Insuring Clauses (B) (Insured Persons Indemnification Coverage), for the CEO and COO, and (C) (Entity Liability Coverage), for entity under the Private Company Directors and Officers Liability Coverage Part.

Resolution: Settlement in avoidance of full hearing on concerning facts. SA approved at hearing and insured agreed to pay fine, and regulator's costs. Sign defence costs given # of firms involved and volumes of docs (e-disc). Chubb paid approx. \$2.5M in defence costs.

Multiple Securities Regulators Enforcement Proceedings

Facts: Regulatory investigations against entity and numerous D&Os commenced. Eight law firms retained. Alleged violations of securities laws including dealing with prohibited transactions and breaches of various registration requirements. One regulator lead the process; the other followed its own parallel process.

Coverage: AMP - Coverage Triggered under D&O coverage parts for defence costs; reserved on intentional conduct.

Resolution: Settlement proposed by regulators in resolution and avoidance of full hearing. Significant defence cost for Enforcement investigation approx. \$4.4M.

Recent E&O Claims

Alleged Negligence in managing investments

Facts: Claimant alleges Insured Investment Advisor mishandled her investments which caused approx. \$300k in losses, and alleges against the entity for vicarious liability and failure to supervise.

Coverage: AMP -Triggered for defence costs and potential indemnity exposure, under Insuring Clause B of the Policy's Professional Liability Coverage Part.

Resolution: Claimant filed formal complaint to OBSI. Investigation proceeded. We succeeded and investigators found no grounds to award compensation. Reconsideration confirmed earlier conclusions. Approx. \$75k defence costs covered.

Alleged Negligence in Sale of Default Property - loan servicing

Facts: Insured in business of servicing mortgages. Former Mortgage holder alleges that insured was negligent in its sale of a Default Property, and sought damages of approx. \$6M.

Coverages: Coverage triggered under IC 1- Claim alleging Wrongful Act in performance of Professional Services (as per endorsement defined as Loan Servicing).

Resolution: Claim dismissed at trial. Chubb paid approx. \$700k in defence costs. Appeal filed but plaintiff did not have funds to proceed.

Recent EPL Claims

Wrongful Dismissal and Retaliation

Facts: Former CFO seeking damages for alleged wrongful termination, retaliation and alleging fraud. Plaintiff sought significant reasonable notice damages (18 months), loss of stock options, bonus, and benefits, as well as punitive "Wallace" damages for the manner of dismissal - approx. \$1M plus costs.

Coverage: EPL Coverage part triggered. Reserved with regard to intentional conduct and definition of Loss.

Resolution: Claim settled at mediation - Chubb paid approx. \$150k in defence costs and contributed towards settlement.

#MeToo - Sexual Harassment

Facts: Former employee alleges she was sexually harassed and sexually assaulted while working for the insured company 10 years prior. Allegations were specifically made against the company's President and Executive Vice- President.

Coverage: These are covered claims under Chubb's EPL policies and coverage is afforded for both settlement payments and defence costs, although we reserve on intentional conduct.

Resolution: This matter settled within a few months for in excess of approx. \$100,000

Contact us:

For more information on Chubb insurance solutions, contact your local broker or visit www.chubb.com/ca.