

Asset Management Protector PremierSM



An Insurance Solution for Real Estate Investment Firms

Real Estate Investment Firms face an ever-expanding array of complex management and professional liability exposures, which can be attributed to regulatory changes, global market volatility, and an expanding interconnected investment environment. Claims against firms or its executives and employees, or against a fund or its directors, can arise from everyday decisions, actions, or errors, and increasingly from negligence or fraud by third parties. Investment decisions and actions could trigger lawsuits by investors or other stakeholders who have been adversely impacted. Any claim against a firm or its funds can escalate quickly and put the reputation and personal assets of its leadership team or directors at risk along with the assets of the firm.

What is a Real Estate Investment Firm?

The commercial real estate industry contains a wide variety of institutions, each with different roles in facilitating the purchase and sale of property. In conjunction with other real estate service providers (architects, engineers, property managers, brokers, appraisers, etc.), Real Estate Investment Firms use equity capital to acquire, develop, operate, and sell property investments. Capital can be provided by passive third-party investors who are subject to management and performance fees. Real Estate Investment Firms can be registered with the Securities and Exchange Commission (SEC) but many are exempt from registration.

Our Solution: Asset Management Protector PremierSM with Private Fund Real Estate Endorsement

For more than 40 years, investment management professionals have been choosing Chubb for their insurance.

We are one of the largest providers of management and professional liability insurance for Financial Institutions as organizations continue to entrust their complex risks to Chubb. Our depth of understanding of Financial Institutions and exposures allows us to provide insurance coverage that stands out in the market.

The Asset Management PremierSM is a modular insurance solution that can be customized with Chubb's Private Fund Real Estate Endorsement, an optional coverage add-on to address the unique needs of Real Estate Investment Firms full range of organizational models, products and services.

How Are Advisory Services Performed?

Typically, investments are structured as commingled pooled investment funds or individually syndicated special purpose entities or vehicles (SPEs or SPVs).

Additionally, Joint Ventures may be formed to help facilitate the investment of an asset or strategy.

Private Equity or Commingled Fund

Real Estate Investment Firms sponsoring commingled pooled investment funds solicit investors who commit capital pursuant to offering memoranda or prospectuses. The fund uses these commitments to fund the equity investments in real estate property. The fund is often managed by the Real Estate Investment Firm or a manager under the firm's control. The fund may also have an Advisory Board tasked with overseeing the fund's operations.

SPE or SPV

Real Estate Investment Firms sponsoring SPEs or SPVs solicit investors to commit equity in a single real estate property pursuant to offering documents. The SPE or SPV is often managed by the Real Estate Investment Firm or a manager under an Insured's control. Such vehicles will also have a managing member or general partner that manages this type of entity.

Joint Ventures

Joint Ventures can take many forms, ranging from the firm having management control to minority joint ventures. Chubb has the ability to customize language that best fits each Insured's specific needs.

Our Coverage Solution: Private Fund Coverage and Private Fund Real Estate Endorsement

What are the Insuring Clauses?

- (A) Fund Entity and Insured Person Liability Coverage
- (B) Fund Manager and Insured Person Professional Liability Coverage
- (C) Outside Directorship Liability Coverage

What Triggers the Policy?

Three prong approach to definition of Claim:

- Written demands including for monetary or non-monetary relief as well as arbitrations, mediations or other equivalent alternate dispute resolution proceedings
- Civil and criminal proceedings
- Investigations, including formal investigation of an Insured by an Enforcement Unit with defined triggers

Who is Insured?

Private Fund

Coverage is provided for non-registered pooled investment vehicles on an omnibus basis as long as such Private Fund is sponsored, formed, organized, managed, operated or controlled by the Fund Manager

Fund Entity

- Includes Private Funds and Investment Holding Companies and their respective management entities
- Coverage for management entities targets common legal organizational structures with solutions to address affiliate structures

Investment Holding Company

Addresses complex investment structures “downstream” of Private Funds which own property investments

Fund Manager

Includes any Organization contractually authorized by agreement or contract to provide professional services to or on behalf of the Private Fund

Insured Person

- Clause A: Executives and Employees
- Clause B: Executives, Employees and Independent Contractors
- Clause C: Executives

What Services are Insured?

Fund Management Services

- Advice regarding securities distinct to the real estate investment sector: Real property, real estate related securities, debt or financial instruments
- Extensions of credit, the granting of a loan to real property by a Fund Entity
- Selection and oversight of outside service providers, including providers of Real Estate Services

What Services are Not Insured?

Real Estate Services by an Insured, which consist of property management, real estate development, appraisal, construction, brokerage, etc.

Other Key Features

- Independent Contractor Indemnification Coverage
- Minority Joint Venture Entity ODL
- Automatic Midterm coverage for new Funds
- Investor claim carveback to Real Estate Services Exclusion for investment loss
- Organizational and Management Advisory Carveback to Contract Exclusion
- Private Fund distribution of interests carveback to Broker Dealer Exclusion

For More Information

Visit our website today at

www.chubb.com/us-en/business-insurance/asset-management-protector.html

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