

Financial Institution Bond for Asset Managers

Including Customer's Capital and Extended
Computer System, Funds Transfer, and
Social Engineering Fraud Coverage

CHUBB®



Protecting Advisers' and Customers' Capital

Reputational, compliance and fiduciary risks for safeguarding customer capital from hackers and criminals are in the forefront of our increasingly digital world. Social engineering of employees and the impersonation of customers and vendors have become more commonplace. Chubb's integrated financial fidelity insurance solution is a prudent risk management technique to help protect against such risks.

The Chubb Solution

Chubb's Asset Manager Bond provides a unique, cost-effective insurance solution to give asset managers and their customers peace of mind in the face of today's risks by offering coverage for:

- Loss of customer's capital due to dishonest acts of an employee.

- Financial loss resulting from unauthorized access into the firm's computer system by hackers.
- The transfer of the firm's capital or its customers' capital through fraudulent instructions over the Internet, email, or the telephone.
- The impersonation of an employee or known vendor that causes the firm's funds to be fraudulently transferred by an authorized employee.

Coverage Highlights

- Fidelity Bond coverage, including:
 - Employee Dishonesty, including Trade or Loan and Employee Benefit Plan Fraud or Dishonesty for sponsored plan assets
 - On Premises
 - In Transit
 - Forgery
 - Extended Forgery

In addition, the following extensions may be purchased to protect against emerging risks that Asset Managers face, including:

- **Customer's Capital.** This extension provides coverage for loss of funds held by a customer, including a current and potential customer for whom the Assured does not yet maintain an account.
- **Assured's Funds Transfer and Social Engineering Fraud.** Our customized Bond provides protection for the firm's capital in the case where an executive or a vendor is impersonated.
- **Customer's Funds Transfer and Social Engineering Fraud.** Our enhanced coverage insures against loss due to the fraudulent transfer of funds from a customer's account arising from the impersonation of the customer.
- **Computer Fraud.** Through its Network Intrusion language, Chubb's Asset Manager Bond introduces clear and concise coverage for theft of funds as a result of a computer hack. Through a broadened definition of Computer System, coverage extends to 3rd party cloud hosting activities.
- **Computer Investigations.** The Asset Manager Bond provides expense coverage for computer forensic services initiated to investigate a covered computer system loss.

Loss Scenarios

Assured Impersonation

The firm's CFO received emails purporting to be from the CEO requesting he process several wire transfers. The email address in the "From" line appeared to be that of the CEO, so the CFO believed it to be authentic, but the emails were in fact coming from the address, fisayoo@fisayoob.org. The email header indicated that the emails were not coming from the CEO's actual email address, but that his account was spoofed to appear as such. Four transfers were made over a 9 day period, totaling \$495,000 in loss to the firm.

Customer Impersonation

Someone posing to be the Assured's customer requested that money transfer links be set up via email between the customer's brokerage account and several other bank accounts. The purported customer submitted the signed paperwork and fake voided checks to the firm who was the customer's asset manager. Based upon these requests, the Assured completed 13 transfers from the brokerage account to various bank accounts, totaling \$800,000.

Customer's Capital

An investment adviser contacted the firm's customer about an investment opportunity that he was convinced would improve her savings goals. He had her write a check in his name for \$50,000 under the guise of purchasing them on her behalf. The adviser repeated this with several customers, convincing each to turn over their money to him. After several months and complaints, it was discovered that no such securities were ever noted in the customers' accounts with the firm. In the end, over \$1,000,000 in fraudulent investment funds were solicited and stolen by the adviser.

Why Chubb?

Leadership

Since 1964, Chubb has provided financial institutions with specialized products and specific expertise to meet their unique needs. Chubb is the largest underwriter of Fidelity Bonds in North America according to the Surety and Fidelity Association of America, a position held since 2001. Chubb offers a full suite of complementary insurance solutions for a wide range of financial institution risks, including directors and officers liability, employment practices liability, and property and casualty coverages.

Protection

The true measure of an insurer is how well it actually protects its customers - this is, how it responds to and manages claims. We strive to treat each customer the way we would like to be treated if we experienced the same loss - with integrity, empathy, promptness and fairness - and to reach mutually agreeable outcomes.

Endurance

Chubb's financial stability and ability to pay claims rate among the best in the insurance industry, as attested by Standard & Poor's and A.M. Best Company, the leading insurance rating services.

Contact Us

To learn more...

Visit <https://www.chubb.com/us-en/business-insurance/financial-institution-bond-for-asset-managers.html> or contact your local agent or broker.

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The claim scenarios described here are intended to show the types of situations that may result in claims. These scenarios should not be compared to any other claim. Whether or to what extent a particular loss is covered depends on the facts and circumstances of the loss, the terms and conditions of the policy as issued and applicable law. Facts may have been changed to protect privacy of the parties involved.

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