



**INVESTMENT MANAGEMENT LIABILITY SOLUTIONS
HEDGE FUND MANAGEMENT AND PROFESSIONAL LIABILITY COVERAGE PART**

I. INSURING AGREEMENTS

1. **Hedge Fund Management and Professional Liability**

The Insurer shall pay on behalf of the **Hedge Fund Insureds** that **Loss** resulting from any **Claim** first made against any **Hedge Fund Insured** during the **Policy Period** or Extended Reporting Period, if applicable, for a **Wrongful Act**.

2. **Service Provider Professional Liability**

The Insurer shall pay on behalf of the **Service Provider Insureds** that **Loss** resulting from any **Claim** first made against the **Service Provider Insured** during the **Policy Period** or Extended Reporting Period, if applicable, for a **Wrongful Act**.

II. DEFINITIONS

Hedge Fund means any hedge fund named in the Schedule of **Hedge Funds** Endorsement to the Policy and its:

1. entity general partner or entity managing general partner if organized as a partnership;
2. entity managing member if organized as a limited liability company.

including any such organizations as a debtor-in-possession under United States Bankruptcy Law or an equivalent status of the law of any other country.

Hedge Fund Insureds means any **Hedge Fund** and its **Insured Persons**.

Insured Entity means the **Hedge Fund** and any **Service Provider**.

Insured Person means any:

1. **Executive** or **Employee** of a **Hedge Fund**; or
2. any natural person who is a past, present or future employee of a **Service Provider**.

Investment Banking Services means any advice or service relating to or in connection with any aspect of corporate mergers, acquisitions, restructuring, divestitures or investment banking other than advice or services with respect to shares issued by a **Hedge Fund**, or other restructuring of a **Hedge Fund** or the voting of shares held in portfolios of a **Hedge Fund**

Loss, as defined in General Terms and Conditions Section II. **DEFINITIONS** shall be deemed to exclude, for purposes of this Coverage Part, the return of any contribution of capital to any **Executive** or **Employee** or any **Hedge Fund**.

Service Provider Insureds means the **Service Provider** and its **Insured Persons**.

Takeover as defined in the General Terms and Conditions Section II shall be amended for purposes of this Coverage Part to mean the acquisition or change of control of the sponsorship of the **Hedge Fund** by another entity or person or group of entities and/or persons acting in concert.

Wrongful Act means any actual or alleged error, misstatement, misleading statement, act, omission, neglect or breach of duty committed or attempted;

1. by any **Insured Person** of a **Hedge Fund** in his or her capacity as such or any matter claimed against such **Insured Person** solely by reason of his or her status as such;
2. by a **Hedge Fund** in its capacity as such; or
3. by any **Service Provider Insured** in the insured capacity detailed in the Schedule of **Service Provider** Endorsement.



III. EXCLUSIONS

The Insurer shall not be liable to pay that part of **Loss** under this Policy in connection with any **Claim** made against any **Insured**:

1. **Bodily Injury/Property Damage**

for any actual or alleged bodily injury (including death), sickness, disease, emotional distress, mental anguish, libel, slander or defamation of any person, or damage to or destruction of any tangible property including loss of use except that this exclusion shall not apply to:

- a. emotional distress or mental anguish solely arising out of the rendering of **Professional Services**; or
- b. damage to, destruction of, loss of, or loss of use of, client records in the possession of the **Insured**; or
- c. allegations of emotional distress, mental anguish, libel, slander or defamation by a claimant in an **Employment Practices Claim**;

2. **ERISA or any Similar Act**

for any actual or alleged violation of the responsibilities, obligations or duties imposed upon fiduciaries by **ERISA or any Similar Act** in connection with the **Insured Entity's** pension, employee benefit or welfare plans;

3. **Prior Notice**

based upon or arising out of:

- a. any **Wrongful Act** or any matter, fact, circumstance, situation, transaction, or event notice of which was given by an **Insured** under any policy of which this Policy is a direct or indirect renewal or replacement; or
- b. any other **Wrongful Act** whenever occurring, which, together with a **Wrongful Act** described in a. above, would constitute **Interrelated Wrongful Acts**;

4. **Prior or Pending**

based upon or arising out of or constituting any civil, criminal, administrative or regulatory proceeding, investigation or arbitration against any of the **Insureds** which was pending on or prior to the Prior or Pending Date set forth in Item 8 of the Declarations or the same or essentially the same fact, circumstance, situation, transaction or event underlying or alleged in such proceeding, investigation or arbitration;

5. **Pollution**

based upon or arising out of: any nuclear reaction, radiation or contamination, or any actual, alleged or threatened discharge, release, escape, or disposal of, or exposure to, **Pollutants**; any request, direction or order that any of the **Insureds** test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to or assess the effect of **Pollutants** or nuclear reaction, radiation or contamination, or any voluntary decision to do so; or any actual or alleged property damage, or bodily injury, sickness, disease or death of any person, or financial loss to the **Insured Entity**, its security holders, or its creditors resulting from any of the aforementioned matters;

6. **Illegal Profits/Deliberate Acts**

based upon or arising out of:

- a. the gaining of any profit, remuneration or advantage to which the **Insured** was not legally entitled if a judgment, ruling or other finding of fact in any proceeding adverse to the **Insured** establishes the **Insured** was not legally entitled to such profit or advantage; or
- b. the committing of any deliberate fraudulent or deliberate criminal act by the **Insured** if a judgment, ruling or other finding of fact in any proceeding establishes that such act was committed.



For purposes of determining the applicability of Exclusion 6:

- a. the facts pertaining to and knowledge possessed by any **Insured Person** shall not be imputed to any other **Insured Person**; and
- b. only facts pertaining to and knowledge possessed by any past, present or future chair of the Board or Directors, president, chief executive officer, chief financial officer, chief operating officer or general counsel (or equivalent position) of an **Insured Entity** shall be imputed to the **Insured Entities**;

7. Wrongful Acts of Insureds serving in other Entities

for any **Wrongful Act** by any **Insured** while serving in the capacity, or solely by reason of their status, as a director, officer, trustee, governor, manager, member, partner, employee or similar position in any entity, other than an **Insured Entity**;

8. Hold Harmless or Indemnification Agreement

for liability assumed by the **Insureds** under any type of hold harmless or indemnification agreement whereby the **Insureds** incur liability arising out of the **Wrongful Acts** of third parties which liability the **Insureds** would not otherwise incur absent such hold harmless or indemnification agreement;

9. REIT

based upon, directly or indirectly arising out of or in any way involving the forming, syndicating, operating, administering, or rolling up of a real estate investment trust;

10. Claims By Insureds or Investment Adviser

by or on behalf of:

- a. any **Insured Persons** in any capacity; or
- b. the **Insured Entity**; or
- c. any **Investment Adviser**
- d. any security holder, member or partner of an **Insured Entity** or **Investment Adviser**, whether directly or derivatively, unless such security holder's, member's or partner's **Claim** is brought and maintained solely by persons acting totally independent of and totally without the solicitation, assistance, participation or intervention of the **Insured Entity**, **Investment Adviser** or any **Insured Person**;

provided, however, that this Exclusion shall not apply to:

- i. any **Claim** by an **Employee** of the **Hedge Fund** that constitutes an **Employment Practices Claim** or is brought solely in his or her capacity as a customer or client of the **Hedge Fund** which is brought and maintained totally independent of and totally without the solicitation, assistance, participation or intervention of the **Hedge Fund** or any **Executive** of the **Hedge Fund**;
- ii. any **Claim** that is in the form of a cross-claim, third party claim or otherwise for contribution or indemnity which is part of and results directly from a **Claim** which is not otherwise excluded under this Policy;
- iii. any **Claim** brought or maintained by or on behalf of a bankruptcy or insolvency trustee, examiner, liquidator, receiver or rehabilitator for an **Insured Entity**, or any assignee of such trustee, examiner, liquidator, receiver or rehabilitator; or
- iv. any **Claim** brought by any past **Executive** of an **Hedge Fund** who has not served as a duly elected or appointed director, officer, trustee, governor, management committee member, member of the board of managers, general partner, partnership manager, trust manager, In-House General Counsel, Chief Compliance Officer or Risk Manager (or equivalent position) of or consultant for a **Hedge Fund** for at least four (4) years prior to such **Claim** being first made;

11. Security Broker or Dealer

for liability involving the activities of any **Insured** as a "broker" or "dealer" in securities, as defined in Sections 3(a)(4) and 3(a)(5), respectively, of the Securities Exchange Act of 1934.



12. Investment Banking Services

based upon or arising out of **Investment Banking Services**.