

## Revolutionising the insurance application process

### *Approaching 100 clients under a new and exclusive Financial Institutions Insurance Scheme*

The purchase of Professional Indemnity, Directors' & Officers' Liability, Cyber & Data Risk and Crime Insurance can often be a daunting task for Financial Institutions. Complicated and lengthy proposal forms take up valuable time and there is still the task of having to ensure that different policy forms dovetail so that premium is not wasted, or worse still, there are gaps in cover.

Protean Risk recognised the enormity of these challenges for small and medium sized Financial Institutions and developed an exclusive Financial Institutions Insurance Scheme powered by Hiscox. This scheme fits almost all types of Financial Institution including Corporate Finance, Crowdfunding Platforms, Foreign Exchange Brokers, PE/VC Funds, Introducers & Arrangers, Appointed Representatives, Investment Advisory, Investment Managers, FinTech and Wealth Managers.

Rather than asking firms to spend time completing long and tedious proposal forms, the application and renewal process just requires a simple online Statement of Facts. This takes less than 5 minutes to complete and has the option to include Professional Indemnity, Directors' & Officers' Liability, Cyber & Data, Crime, Office Contents, Employers' & Public Liability under one policy. *Continued overleaf*

Nathan Sewell suggests:

***“With so many wording variations it is important to examine the policy cover to ensure it meets your expectations”***

“The increasing importance of Loss Mitigation Costs Cover” (page 2)



## Professional Indemnity claims best practice

Receiving a complaint from a client is always disappointing and is unfortunately ever more common in this increasingly litigious environment, especially with the involvement of claims management firms in recent years. With the Financial Conduct Authority (FCA) making a number of changes to the Dispute Resolution Rules, it is of the utmost importance that the terms and conditions of your Professional Indemnity Insurance (PII) policy are read and adhered to when dealing with any circumstance that arises.

According to Julian Brincat, Head of IFA Practice at Protean Risk “We come across a number of firms who are surprisingly unfamiliar with the terms and conditions of their policy, only to find out that they do not have the appropriate claims reporting systems in place when it is too late. It is essential to familiarise yourself, and all your staff, with the terms and conditions in your PII policy relating to the identification, detection and notification of any potential circumstance that may give rise to a claim.”

Protean Risk recommend regularly reviewing and clearly defining internal procedures as any failure to abide by the PII policy's terms and conditions could potentially leave a firm exposed to an uninsured loss. ■

To help clients, Protean Risk have produced a Professional Indemnity Claims Guide which can be downloaded at [www.proteanrisk.com/insights](http://www.proteanrisk.com/insights)

## Client Funds Protection Insurance

*With the limitations of the FSCS providing only GBP50,000 protection for investors, firms are seeking insurance protection to provide additional comfort to their clients.*

The protection of client funds remains high on the agenda of investors with significant numbers having lost out due to the insolvency of regulated firms holding client money in the UK.

Whilst investors understand the Financial Services Compensation Scheme (FSCS) can protect client funds held up to GBP50,000, the risks to their funds above this level drives different behaviours which can even include multiple deposits across multiple providers.

**Client Funds Protection Insurance** is now available to deal with these concerns and is proving popular with entities holding client funds seeking to gain a competitive advantage. A policy can provide protection on a per client basis, aggregated over the policy period and is underwritten by London-market insurers that enjoy 'A' financial strength ratings from Standard & Poors and other agencies. ■

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## Revolutionising the insurance application process *Continued*

Nathan Sewell, CEO of Protean Risk explains "We wanted to make it easier for firms to purchase the insurance they need and are delighted that Hiscox are the insurer for this Scheme. Their service quality reputation, innovative approach and strong SME proposition with more than 200,000 business clients made them an ideal partner."

Since launching the Scheme toward the end of 2016 Protean Risk are now approaching the 100th client to take advantage of the Scheme. Clients are not only attracted by the easy application process and single policy, but a range of other benefits including free Cyber & Data Risks Insurance and monthly instalments at no extra cost. ■ **To find out more go to [www.proteanrisk.com/fi](http://www.proteanrisk.com/fi)**



## Suite of Insurance Guides launched

2017 Insurance Guides have been launched to help firms in the investment industry, financial services and technology sectors understand key elements of their insurance programme. They provide answers to frequently asked questions, claims examples, trends and key sources of risk exposure.

Visit [www.proteanrisk.com/insurance-guides](http://www.proteanrisk.com/insurance-guides) to download your copy.

## The increasing importance of Loss Mitigation Costs Cover

***Circumstances that may give rise to a Professional Indemnity insurance claim can be registered many weeks, or even months, before the claim actually materialises. Dealing quickly and effectively in these early stages can provide significant benefits for both the Insured and Insurer. For this to be possible, the Professional Indemnity policy must have an element of pre-claim response, in the form of Loss Mitigation Costs Cover.***

When a Financial Institution first becomes aware of an event or circumstance that may give rise to a Professional Indemnity claim, they may be able to identify remedial action that reduces the amount of the final claims settlement and avoids costly legal and other professional fees, minimising the time and resource to manage the claims process. Loss Mitigation Costs Cover allows the Insured to make these considerations and provides indemnity for payments and costs equivalent to the settlement and defence costs.

Nathan Sewell, CEO of Protean Risk explains "This is all about dealing with an issue before it turns into a claim and because it makes sense financially to do so. Early and effective action has been shown to provide significant cost and time savings and even helped repair the image and reputation of the Financial Institution."

Whilst the financial benefit is the clear commercial driver, there are many situations where the FCA expect the Financial Institution to take positive action before a claim is received. These can arise from thematic reviews, firm-specific supervisory or enforcement actions,

the establishment of compensation schemes where widespread or recurring problems have affected consumers, or the enforcement of product intervention powers.

According to Nathan Sewell "Many point toward the 'retail' drivers for this extension but in my experience the real advantages are gained by Investment Management and trading firms servicing larger professional and institutional clients."

Loss Mitigation Costs Cover has become a key policy extension, but with many different wordings being offered it is important to understand the cover being offered. A high profile court case, Standard Life Assurance Ltd v ACE European Group & Others (2012), highlighted challenging issues when dealing with pre-claim cover and the importance of policy language. Nathan Sewell says "With many wording variations and some even including a sub-limit, it is important to examine the policy cover being offered to ensure it meets your expectations."

## Meet the Protean Team



### Nathan Sewell, CEO

Nathan has worked in insurance for more than 25 years. He began his career as an underwriter and rapidly progressed to senior management positions in both small independent and then multinational broking houses, and led M&A teams at both Aon & Willis. He left Dual Corporate Risks to establish Protean Risk in 2007 and launched the first insurance product designed to protect investor victims of hedge fund fraud.



### Jason Edwards, Director

Jason has over 15 years' insurance and client management experience. Prior to joining Protean Risk, Jason was a Divisional Director at Willis in the Financial & Executive Risks team and he helped to set up and run BVCA Insurance Services, a joint venture with the British Private Equity and Venture Capital Association. Jason left Willis to join Protean in 2008 and became a company Director in 2012.



### Julian Brincat, Head of Independent Financial Adviser Practice

Julian has an in-depth knowledge of the specific risks and insurance solutions pertinent to the IFA market along with a technical expertise in assessing contract wordings and their associated implications. Prior to joining Protean Risk, Julian was a Senior Account Executive at Howden Insurance.



### Richard Hunt, Business Development Manager

Richard is part of our business development function and his role is to introduce Protean Risk to new and prospective clients. He joined Protean Risk in October 2016, having previously worked in insurance and recruitment since completing his BA in Geography at Newcastle University.



# PROTEAN RISK

### About Protean

Since 2008, Protean Risk has been providing specialist insurance broking services to firms in the investment industry, financial services and technology sectors. Our clients range from start-ups to companies with revenues of £100m and beyond. Underpinning our values as a company is a focus on customer service and satisfaction, borne out by extensive client testimonials and client retention rate. During a client survey over 90% of respondents rated our service as 'good' or 'excellent' and recommended us as 'experts in their business sector'.

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