

# Summary of Insurance for Investment Professionals Offered by Liftman Insurance



## Errors & Omissions Liability Insurance

Errors & Omissions (Professional Liability Insurance) protects the firm, general partners, its directors, officers and employees in the event they are sued by clients for any actual or alleged negligent act, error or omission or breach of fiduciary duty committed in the scope of performing their professional services. Coverage includes defense costs even when allegations are baseless.

## Directors & Officers Liability Insurance

Directors & Officers Liability Insurance (also known as D&O Insurance) provides coverage for directors and officers of a firm for errors in judgement, breach of duty, and alleged wrongful acts related to the firm's activities. Since a director can be held personally responsible, most directors and officers require D&O Insurance to protect their personal assets and to provide defense costs.

## Crime (Fidelity Bonds) and Fraudulent Transfers

Crime Insurance (Fidelity Bonds) covers losses from criminal acts such as employee theft, forgery and computer fraud which can be broadened to include claims resulting from **funds transfer fraud**. Coverage is available to Investment Advisors, Broker/Dealers and Investment Companies.

## STAMP and SEMP Bonds

Issuers of securities, transfer agents and others rely upon the signature guarantee program for the transfer of securities.

STAMP (Securities Transfer Agents Medallion Program) and SEMP (Stock Exchange Medallion Program) Surety Bonds are signature guarantee bonds that protect against stock transfer fraud.

## State Surety Bonds

Some states require investment professionals to obtain this bond. It is a contract in which an insurer (the surety) agrees to have secondary responsibility to the state (the obligee) for certain defaults of the investment professional (the principal).

## ERISA Bonds

Every fiduciary responsible for managing pension, profit sharing or thrift plans that "handle" the assets of these plans is required to obtain an ERISA bond under section 412(a) of the Employee Retirement Income Security Act of 1974 (ERISA). The bond protects the assets of a client's employee benefit plan from fraudulent activity by the fiduciary. ERISA bonds for in-house plans are also available.

## Employment Practices Liability Insurance

Employment Practices Liability Insurance (EPLI) addresses claims made by employees, former employees or potential employees concerning discrimination (age, sex, race, disability), wrongful termination, sexual harassment, and other employment-related allegations.

## New Cyber Security Liability

This insurance covers in the event of a data breach involving lost or stolen information, whether its paper or electronic. The coverage extends to costs associated with a data breach including notification costs, credit monitoring, incident evaluation, breach consultation, financial liability and legal costs, regulatory fines and penalties, public relations expenses, data forensic expenses, business interruption costs and network extortion. *(Simple one page application.)*

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Coverage subject to policy terms and conditions.



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101 Federal Street, 22nd Floor, Boston, Massachusetts 02110 Telephone: 617.439.9595 Fax: 617.439.3099 [www.liftman.com](http://www.liftman.com)

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