

## Hanover Financial Institutions Advantage

# Management and professional liability coverage scenarios for asset managers

Asset managers make complex financial decisions in an environment shaped by evolving regulations, heightened scrutiny and increasing risk. As firms navigate these challenges, they need coverage designed to protect the assets of the firm, its senior leaders and reputation.

**Hanover Asset Manager Advantage Pro** is an admitted management and professional liability solution built to help protect asset management firms from both traditional and emerging financial threats. The following scenarios illustrate how.

## Coverage

RISK EXPOSURE	KEY QUESTION	THE HANOVER SOLUTION
Shareholder derivative demands	How would a firm pay for a costly investigation into claims of fraud and breach of duty stemming from a written demand by shareholders on behalf of the firm?	Our <b>security holder derivative demand investigation coverage</b> pays the costs associated with investigating allegations of illegal or improper conduct of an executive. Coverage is provided under a sublimit that is not subject to a retention, eliminating out-of-pocket investigative costs.
Pending regulatory charges	What would happen if the Securities and Exchange Commission (SEC) serves a firm with a Wells notice providing notification of a completed investigation where wrongful acts have been discovered?	Our <b>definition of claim</b> includes a formal administrative or regulatory proceeding started by the receipt of a Wells notice from an enforcement body like the SEC for a wrongful act. We will work with the firm to help prove why charges for securities law violations should not be brought against a firm.
Claims made against a retired executive	What would happen if a retired partner is sued after the directors and officers (D&O) policy term ends?	If a partner retires during the D&O policy term, our <b>retiree coverage</b> provides the executive with a six-year extended reporting period from the date of the executive's retirement.
Reputational risk	What would happen if negative publicity is posted against a firm and its chief investment officer on social media, claiming mismanagement of assets?	Our <b>public relations event expenses coverage</b> covers reasonable costs incurred for services performed by a public relations consultant to mitigate the adverse effect of negative publicity, including social media.
Regulatory interviews	What would happen if the SEC requests to interview a managing partner concerning a potential investigation?	Our <b>personal interview expense coverage</b> provides a sublimit for many of the expenses commonly associated with interviews requested by regulatory bodies prior to any formal notice of charges or allegations of wrongful acts.
Unsuitable investments	What would happen if a customer brought suit alleging misrepresentations and suitability issues with a firm's investment practices?	Our <b>errors and omissions coverage</b> covers a firm's defense expenses and monetary loss resulting from claims alleging material misrepresentations and unsuitable investments.
Private fund mismanagement	What would happen if customers claim that a firm breached its fiduciary duty by suspending redemptions during the course of managing an investment fund?	Our <b>private fund liability</b> coverage covers a management firm and a fund's board of directors for claims alleging mismanagement.
Mutual fund mismanagement	What would happen if a regulator brought a formal investigation into allegations of excessive fees charged to shareholders of the mutual fund?	Our <b>mutual fund liability</b> coverage covers a board's defense expenses associated with investigations into allegations of excessive fees.

Coverage *continued*

RISK EXPOSURE	KEY QUESTION	THE HANOVER SOLUTION
Fiduciary irresponsibility	What would happen if the Department of Labor accuses a firm of offering too many proprietary investments in the employee 401(k) plan?	Our <b>fiduciary liability coverage</b> covers a firm's defense expenses and monetary loss resulting from claims alleging a breach of duty in the administration of benefit plans subject to the Employee Retirement Income Security Act (ERISA), such as a 401(k).
Cyber incidents	How would a firm be affected if a network was violated by a hacker and personally identifiable client information was breached?	Our <b>third-party liability</b> covers the firm for liability related to mishandling a client's personal information, including a cyberattack on a firm's system, actions of a rogue employee, violations of customer notification laws and more. Additionally, our first-party expense coverage covers multiple types of expenses associated with a cyber breach, including: <ul style="list-style-type: none"> <li>• Breach restoration</li> <li>• Business interruption</li> <li>• Social engineering</li> <li>• Cyber investigation</li> <li>• Cyber extortion</li> <li>• Cyber theft and extra expense</li> </ul>
Employee theft	What would happen if an employee exploited their access to sensitive financial systems to issue unauthorized payments to themselves and their accomplices?	Our <b>employee theft endorsement</b> protects the firm against a broad range of fraud schemes by covering direct losses of money and securities resulting from theft, fraud, embezzlement or forgery committed by the firm's employees.

## Service

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SEC audits	How can The Hanover help a firm prepare for an SEC audit?	If a firm undertakes a third-party mock SEC audit, our <b>mock SEC audit reimbursement endorsement</b> will reimburse the firm for a portion of the costs associated with the mock exam.
Navigating workplace law issues	How can The Hanover help a firm work through employment-related issues before they turn into claims?	We partner with Jackson Lewis®, a national labor and employment law firm, to provide access to <b>expert assistance and advice on a broad range of employment related issues</b> , including: <ul style="list-style-type: none"> <li>• Forms of harassment</li> <li>• Wage and hour issues</li> <li>• Immigration processes</li> <li>• Insubordination</li> <li>• Leaves of absence</li> <li>• Employment-at-will concepts and more</li> </ul>
Employment screening	How can The Hanover help a firm make informed hiring decisions?	We partner with IntelliCorp, a leading employment screening services provider, to offer preferred pricing on comprehensive <b>background check services</b> . IntelliCorp's services help Hanover policyholders screen applicants, answer questions about a candidate's integrity and help select the right individuals for their team.
Wire fraud	How can The Hanover help a firm that has been tricked into sending money to the wrong place?	We partner with CertifID, a leading provider of <b>fraud recovery services</b> , to help firms with cyber insurance or a financial institutions bond from The Hanover recover funds. CertifID helps policyholders navigate the complex process with: <ul style="list-style-type: none"> <li>• Access to a crisis hotline</li> <li>• Collaboration with federal law enforcement to expedite the freezing and tracking of funds</li> <li>• Engagement with financial institutions to increase visibility of recovery efforts</li> </ul>



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