



Cover for Financial Institutions

Preparing the financial sector for risk and reward

Travelers offers a comprehensive range of flexible cover options within the financial institutions sector, providing the level of protection today's firms need.

As a leading provider of financial lines insurance, Travelers understands the challenges facing the industry. Since creating our dedicated Financial Institutions team in 2008, we have built up our Underwriting and Claims expertise to provide specialist, best-in-class knowledge and support, including access to Global support.

Travelers has a comprehensive list of cover options to protect a firm's reputation, people and facilities; and any issue, that may affect a company in the financial sector:

Office Contents and Buildings

- Business Interruption
- Terrorism
- Employers' Liability
- Public and Products Liability
- Criminal Protection Response
- Office Recovery
- Legal Expenses

Liability

- Professional Indemnity
- Directors' and Officers' Liability
- Crime Insurance
- Investment Management Insurance
- Pension Trustees Liability
- Employment Practices Liability
- ERISA
- Cyber Liability

Capacity

GBP10m / EUR10m / USD10m / AUD10m
ERISA capacity up to USD10m

About Travelers

 **AA** rated

Travelers Insurance Company

 **A+**

Travelers Syndicate

 **Coverage**

Offers a wide range of coverage through Travelers Insurance Company Limited, Travelers Syndicate Management Limited and Travelers Underwriting Agency Limited.

Claims Services

We understand that a claim can have implications for our customer's business which extend well beyond the cost of the claim. One of our key strengths is our team of highly skilled, in-house claim professionals with strong legal and technical knowledge, ready to work to minimise the impact of any loss. In addition, we are proud of our wealth of in-house resources, including our Claims University in Connecticut, with dedicated claim professionals, demonstrating our commitment to innovation and to understanding the unique needs of our customers' businesses.

Claim Scenarios



1. A bank faces the theft of funds

Travelers insured a UK high-street bank. One of the bank's customers (a UK-listed plc) routinely made quarterly payments to a third party of amounts ranging from £350,000 to £500,000. In respect of each payment, a director at the firm would email the bank, setting out instructions for the transaction in a pre-agreed format.

The insured received a set of instructions requesting it to make eight payments of £100,000.

Even firms with controls in place can be the victims of fraud.

The request for payment was discovered to be fraudulent, though not until after approximately £450,000 had been transferred. This kind of situation is increasingly common: According to Financial Fraud Action UK, financial fraud losses totalled £768.8 million in 2016, an increase of 2 percent compared to 2015, and prevented fraud totalled £1.38 billion.

Sophisticated fraud requires sophisticated protection. As fraud becomes increasingly complex, financial institutions must have protections in place to prevent it, investigate it and minimise the damage it can cause. Once the insured notified Travelers of its loss under the terms of its crime policy, we paid the legal costs it incurred when investigating the extent of its responsibility for the fraud. We then reimbursed the insured after it reached a settlement with the customer.



2. A fund manager's trading error leads to a loss

Travelers insured a London-based investment advisor that operated an in-house fund on behalf of professional investors. In response to market conditions at the time, the insured's investment committee decided to reduce the fund's equity exposure by selling a proportion of futures contracts on the S&P 500 index in two tranches. However, in the process of initiating two sales, the insured inadvertently sold twice the number of contracts intended.

A reversal was attempted but came too late. The insured aimed to rectify the error by repurchasing the extra S&P contracts on the reopening of the relevant futures market on the evening of the following day. However, in the time between the erroneous sale and the repurchase, the markets moved against the insured, resulting in a loss of approximately USD 1 million.

Financial Institutions liability insurance protects against claims of negligence or error. Following an investigation of the incident and a review of available evidence, Travelers reimbursed the insured for this loss.



3. An investment manager must defend against a hack into its client database

Travelers insured an investment manager based offshore. The insured's IT team noticed some unknown files on the company server, following which a further review by the IT team revealed that a third party had obtained access to the insured's computer systems. The insured was concerned about the theft of money or client data, as well as the risk of a subsequent regulatory investigation.

Firms that retain customer data are at higher risk of a breach. The Cyber Security Breaches Survey 2017, a study conducted by the UK government, found that in the previous 12 months, nearly half of all businesses and seven in 10 large businesses in the UK had identified a breach or attack. The resulting costs to large businesses ranged from £20,000 into the millions. The survey found that businesses that hold electronic personal data were much more likely to experience a breach than those that did not — 51 percent as compared to 37 percent.

Having the right cover helped our insured investigate the problem and get back to business quickly. Our insured's Financial Institutions insurance policy underwritten by Travelers included the option of cover for forensic investigation following discovery of a data security breach. Fortunately, the investigation had isolated the threat at an early stage and there had been no theft of money or data from the insured or any of its clients.

For further information and Claim Scenarios visit travelers.co.uk/financialinstitutions

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