



INDEPENDENT REVIEW COMMITTEE LIABILITY POLICY

Arch Insurance (Canada)

The Arch Insurance (Canada) Executive Assurance team of underwriting professionals have specific expertise in evaluating Investment Fund related risks and exposures. Our team is able to provide timely, effective and customized solutions to meet the risk management needs of IRC members in this evolving marketplace.

HIGHLIGHTS

- Personal asset protection for individual IRC members
- No "presumptive indemnification" clause
- "Duty to defend"
- Limits are dedicated to and controlled by the IRC through the chairperson
- No exclusion for claims brought by the fund manager against any IRC member
- No insured vs. insured exclusion
- Coverage can be tailored to address the needs of IRC members if the mandate is broader than National Instrument 81-107
- Bi-lateral extended reporting period available
- Non-cancellable except for non-payment of premium
- Non-rescindable for IRC members provided they are "independent" as defined under National Instrument 81-107

WE OFFER

- Knowledgeable and professional underwriting staff with 20 years of underwriting expertise in the financial institutions industry
- Prompt turnaround on all quotations
- Loss prevention capabilities

Improving mutual fund governance in Canada has now become a priority. Consideration of investment fund independent oversight began in the early 1990's; National Instrument 81-107 represents the Canadian Securities Administrator's approach to balancing the needs between the evolving requirements for fund governance in the worldwide capital markets and the specific structures and demands of the Canadian investment fund industry. National Instrument 81-107 is intended to enhance investor protection by ensuring that conflicts of interest which arise at the fund manager level are referred to an independent body, which will base its recommendation solely on the best interests of the investment fund. It is also intended to improve transparency surrounding an investment fund or a family of funds.

The Arch policy has been developed with specific consideration of the requirements imposed by National Instrument 81-107 and the unique structure of Canadian investment funds. This insurance protection was designed for the Independent Review Committee members who face personal liability exposures and is intended to enable IRC members to fulfill their obligations without fear of exposing their personal assets. By having this insurance protection, IRC members will not risk having their insurance compromised or eroded by the investment fund manager or other related parties in the investment fund structure. The Arch policy is specifically tailored to meet the needs of IRC members by having it controlled by the IRC through its chairperson.

CAPACITY

- Limits of insurance are typically \$5 million (CAD)
- Nil retention/deductible

SUBMISSION GUIDELINES

- Completed Arch Insurance (Canada) simplified application form
- Biographies of all IRC members
- Assessment of the indemnity provided to all IRC members
- Outline of the IRC mandate
- Details/Overview of the investment fund – i.e. size, investment strategy, any NI 81-102 violations, trading stock of the parent company within the investment fund

CLAIMS

Arch Canada adheres to a proactive claims handling program in order to achieve cost efficient, superior results. Our claims professionals have extensive experience handling most types of losses and are dedicated to providing customized, responsive customer service to each insured. Partnership with our insured is the cornerstone of the Arch claim handling philosophy. For more information email: crain@archinsurance.com

PRODUCT CONTACTS

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