



Bolder finance

Empowering and protecting
investment firms through risk
analysis and transfer.

Building corporate resilience.

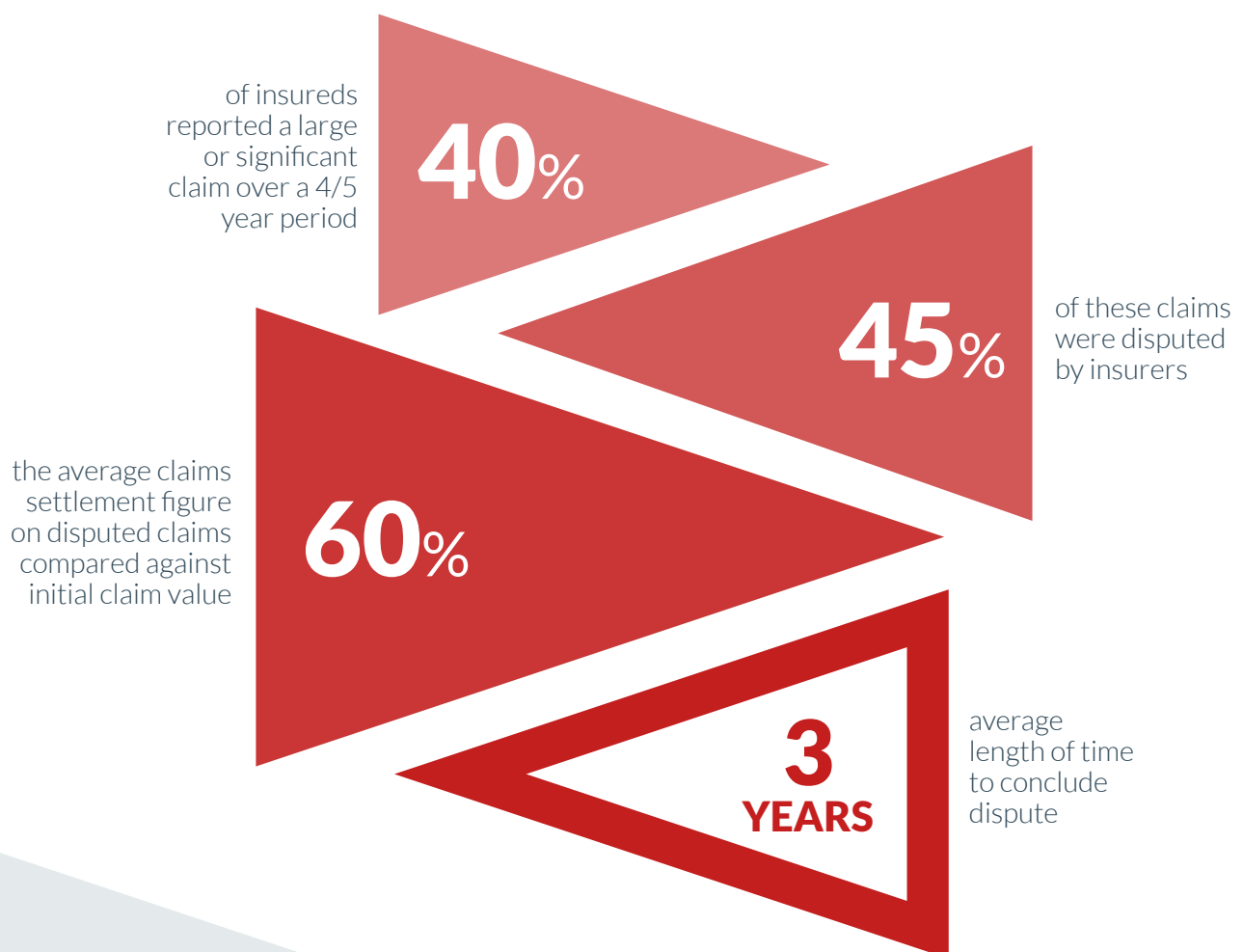
Understanding insurance market dynamics

Unique challenges require bespoke solutions: In our experience, the investment sector is an area of the market that is not well served by conventional insurance approaches.

There is a common assumption – which has often been supported by brokers and insurers themselves – that insurance is a commodity. One policy is very much like another, and price is the key differentiating factor.

In reality, a commercial insurance policy is a complex financial instrument designed to support risk transfer.

As the insurance market tends to move to lean towards standardised models, the operational, reputational and financial complexity of investment firms are not well represented. Combined with a lack of technical risk analysis, this non-specialised approach, leads to policy wordings becoming worthless when considered alongside real-world loss scenarios and undefendable claim disputes.



Investment firms - unique challenges require bespoke solutions

More than half of UK PE firms (52%) do not buy insurance via a dedicated risk manager

Unlike the commercial sector, many investment firms do not have a specialist insurance buyer among their full time staff. Given other business demands and areas of focus, this can often make it particularly difficult to challenge broker and insurer assertions – or even to know the right questions to ask.

Reputational risks

Investment firms attract disproportionately high levels of scrutiny from the media, politicians and opinion formers. Those firms that own high-profile brands or operate in sensitive sectors are particularly open to criticism – however unjustified – that can increase the severity of a major loss.

Higher risks

The corporate and operational structures of investment firms vary significantly and if insurance policies are not tailored to take account of these structures, individuals could be left financially exposed to a claim.

Double exposure

Perhaps most importantly, it is not always clear if the loss event falls between the policy insuring the portfolio company or the policy that insures the investment firm. This is of a particular concern for the sector given the fact that partners of investment firms often take portfolio board positions as a matter of course.

* Source: 07/09/2020 'Private equity firms' use of insurance revealed in new research'.

Mactavish solutions for investment firms

The journey to building your corporate resilience

We manage all aspects of your insurance placement and management, working on your behalf or supplementing your team, to give you clarity and confidence around your risk and insurance programme.

1. Establish your risk profile and insurance reliability

- First, we spend time working with you to build an accurate picture of your real-world risk profile built from the ground up.
- Then, we match this risk profile against your existing and our proposed policy wordings to identify gaps in coverage or areas in which insurance does not perform as you expect.
- We issue a report to inform the work that needs to be carried out to improve your existing policy wording or to scope out the coverage requirements for a go-forward policy.

2. Optimise your disclosure

No two investment firms are the same; these differences have an impact on how the insurance market will analyse the risk being presented – a nuance that cannot be made clear through completion of a standard proposal form. By taking control of how your risk is presented, insurers will be better informed of the good governance that you have in place and the steps you have taken to minimise your risk exposures throughout the lifecycle of the fund. This aims both to improve your policy pricing and to better tailor appropriate cover.

3. Get the best solution from the insurance market

Our approach involves at least two brokers being given a prospectus based on our in-depth analysis of your risk, along with a document that specifies the minimum insurance requirements as identified by our risk analysis. This creates a sense of competition that leads to better insurance outcomes – nudging incumbents to work much harder and opening up new alternatives for risk transfer. Mactavish manages the process from inception through to final appointment; We will liaise directly with the preferred broker on all strategic questions and will also ensure that their contractual agreement accurately reflects their role and your requirements.

4. Achieve faster and better claims settlement

We also support you when things have gone wrong - providing oversight and advice, access to world-leading barristers and helping your teams to present information in such a way as to improve the defensibility of your claims – achieving faster settlement and better outcome. In the past 12 months we have successfully worked with a wide range of clients dealing with complex claims in excess of £100m.

Start your journey with Mactavish today to better protect your business and asset portfolio and build corporate resilience.

- ▶ Get confidence around your risk and insurance programme
- ▶ Save on your insurance lines
- ▶ Improve the reliability of your cover and that of your portfolio Companies
- ▶ Prevent claims disputes
- ▶ Make bolder decisions and save your business time and financial losses

If you want to know more about us and how Mactavish can be tailored to your business or how we've successfully helped other businesses:

Call us

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Follow us for insights, news, events and market updates:



Mactavish is the UK's leading independent outsourced insurance buyer and claims resolution expert. We support our clients by helping them identify their risks, design their insurance programmes, improve the reliability of their cover, and manage costs down.

We work independently to represent policyholders' interest only and receive no commissions or fees from insurers or other third parties. Our clients value this independence and see us as a powerful force for change in an industry that all-too-often takes its customers for granted.

Our roots are in deep analysis of risk and insurance contracts, and we played an instrumental role in designing key legislation such as the Insurance Act 2015. Building on that heritage, we have developed a unique offering that combines unrivalled technical and legal knowledge, with commercial know-how and buying power.

Our clients come to us when the insurance market has let them down. They never go back to the old-fashioned way of doing things.

Building corporate resilience.

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