

What to Expect in the Claims Process

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Abbreviations and terms used in this brochure:

Bond	ICI Mutual Investment Company Blanket Bond
D&O/E&O Policy	ICI Mutual Directors and Officers/Errors and Omissions Liability Insurance Policy
ICA	Investment Company Act of 1940
IDL Policy	ICI Mutual Independent Directors Liability Insurance Policy
SEC	U.S. Securities and Exchange Commission

Other capitalized terms used in this brochure have the meanings set forth in the D&O/E&O Policy, IDL Policy, or Bond, as applicable.

The most important consideration in purchasing insurance is arguably the most inherently difficult to measure—your insurer’s philosophy and approach to handling your insurance claims. At ICI Mutual Insurance Company, RRG (“ICI Mutual” or the “Company”), we pride ourselves on our even-handed, rational, and prompt approach to claims handling—an approach mandated both by our philosophy and by our position as an “industry mutual” insurer. (See box below.) Our insured fund groups continue to remain with us long after their insurance claims are resolved, which we view as the most convincing test of good claims handling.

This revised and updated edition of *What to Expect in the Claims Process* is designed to assist ICI Mutual’s insured fund groups in preparing and filing insurance claims under the Company’s D&O/E&O Policy, IDL Policy, and Bond, and in understanding what to expect during the claims handling and claims adjustment process.¹

An Introduction to ICI Mutual

ICI Mutual is an “industry mutual” insurer—i.e., an insurer that is owned and governed by its insureds, which themselves operate within a specific industry. In this regard, ICI Mutual differs fundamentally from the commercial insurance companies (generally organized as stock companies) with which it competes. As an industry mutual insurer for the fund industry, ICI Mutual is dedicated solely to serving the insurance and risk management needs of funds, fund directors and officers, and fund advisers and their affiliates, providing them with an expert and reliable long-term alternative to the uncertainties and cyclicalities to which commercial insurance markets have historically been subject.

Indeed, it is because of its structure as an industry mutual insurer that ICI Mutual is able to provide its insureds, and the fund industry as a whole, with numerous tangible protections and benefits that either are unavailable from commercial insurers or cannot be counted on to be available from commercial insurers on a consistent, long-term basis. For more information on the distinctive and important role played by industry mutual insurers, and on the value and benefits that ICI Mutual provides to its insured fund groups and to the fund industry, visit www.icimutual.com.

Introduction

ICI Mutual's insured fund groups regularly submit notices to ICI Mutual of matters that may give rise to actual or potential insurance claims under their D&O/E&O Policies, IDL Policies, and Bonds. Since its formation in 1987, the Company has received more than 2000 such notices, with nearly half of the Company's insured fund groups having submitted at least one such notice during any recent five-year period.

It is not uncommon for the matters that underlie such insurance claim notices—e.g., actual or potential shareholder lawsuits, regulatory investigations, regulatory enforcement actions, operational errors, fraud-based losses—ultimately to resolve favorably for affected insureds, without their incurring losses exceeding their Policies' or Bonds' applicable deductible amounts (i.e., self-retention amounts). In such cases, any associated insurance claims on the underlying matters effectively become moot, such that no formal or final determinations need be made as to insurance coverage.

In many cases, however, underlying matters do ultimately result in losses to insureds in excess of their applicable deductibles. In these cases, ICI Mutual works in collaboration with the affected insureds to address and resolve their associated insurance claims, so as to determine (1) the availability of insurance coverage for the losses incurred and (2) the amount of any insurance payments that may be due. Over its history, ICI Mutual has made over \$1.3 billion in insurance

payments to its insureds in resolution of their insurance claims. Insurance payments by the Company on individual claims have ranged from as low as four-figures to as high as nine-figures.

ICI Mutual's experience suggests that insurance claims under the **D&O/E&O Policy** are most likely to involve either (1) Losses, including Costs of Defense, incurred by insured entities (i.e., funds, fund advisers, or advisers' affiliates) and/or insured individuals (i.e., directors and officers of insured entities, including independent directors of insured funds) in investment management-related shareholder lawsuits, regulatory investigations, regulatory enforcement actions, or other Claims, or (2) Costs of Correction amounts incurred by insured entities (typically, insured advisers) in connection with investment management-related operational errors.

The **IDL Policy** serves as dedicated coverage for fund independent directors. No other individuals or entities customarily have rights to collect thereunder. Accordingly, any insurance claims under the IDL Policy are likely to involve only Losses, including Costs of Defense, incurred by insured fund independent directors in investment management-related shareholder lawsuits, regulatory investigations, regulatory enforcement actions, or other Claims.

In contrast, insurance claims under the **Bond** are most likely to involve losses incurred by insured entities (i.e., funds, fund advisers, or advisers'

affiliates) arising from employee dishonesty or third-party fraud, including check fraud, forged redemption requests, and fraudulent telephone or online instructions.

ICI Mutual's decades of fund industry claims experience evidence that some insurance claims are relatively straightforward, whereas others can raise more complex issues of fact or law. The

specifics of the ICI Mutual claims process can vary, depending on, among other things, the type of matter that underlies an insurance notice and the particular insurance product to which such notice refers (i.e., the D&O/E&O Policy, IDL Policy, and/or Bond). At a general level, however, the ICI Mutual claims process typically involves five basic steps, as outlined in the sections that follow.

Claims Trends in the Fund Industry

ICI Mutual's annual [Claims Trends](#) newsletter reports on significant civil lawsuits, regulatory enforcement proceedings, and operational errors involving fund groups. The publication is designed to assist ICI Mutual's insureds to better assess and manage the risks associated with such matters, thereby reducing the potential for associated losses and reputational damage.

ICI Mutual also maintains an online [Litigation Notebook](#), which tracks developments in a broad selection of lawsuits and regulatory enforcement proceedings involving fund groups. The *Litigation Notebook* provides (1) basic public information about recent lawsuits and regulatory enforcement proceedings (e.g., case captions, status, type of case); (2) free access to significant documents filed in those matters; and (3) to the extent applicable and available, additional public information about the matters, including procedural histories and links to relevant federal or state docket sheets or to the relevant regulators' websites.



Prompt Notice

As an insured, you must provide ICI Mutual with prompt notice of the matter underlying your potential insurance claim.

Relevant sections of the D&O/E&O Policy, IDL Policy, and Bond provide details on when and how an insured must provide notice to ICI Mutual:

- **Under the D&O/E&O Policy:** As a general matter, an insured’s obligation to provide notice to ICI Mutual under the D&O/E&O Policy is triggered when (1) a lawsuit, regulatory investigation, regulatory enforcement action, or other Claim for which coverage may be available under the D&O/E&O Policy is brought against an insured entity or individual, or (2) an Unrealized Liability is discovered for which Costs of Correction coverage may be available under the D&O/E&O Policy.
- **Under the IDL Policy:** As a general matter, an insured’s obligation to provide notice to ICI Mutual under the IDL Policy is triggered when a lawsuit, regulatory investigation, regulatory enforcement action, or other Claim for which coverage may be available under the IDL Policy is brought against an insured fund independent director.
- **Under the Bond:** As a general matter, an insured’s obligation to provide notice to ICI Mutual under the Bond is triggered when the insured discovers a loss for which coverage may be available under one of the Bond’s insuring agreements.

The requisite notice must be provided in writing to ICI Mutual’s Manager of Professional Liability Claims at the addresses specified in the D&O/E&O Policy, IDL Policy, and/or Bond, as applicable. Please note that disclosure of a matter

Other Notices under the D&O/E&O Policy and IDL Policy

In certain instances, an insured may provide notice under a D&O/E&O Policy or IDL Policy of a matter that does not constitute a Claim (or that does not constitute an Unrealized Liability under a D&O/E&O Policy):

“Precautionary” Notices of Future Claims under the D&O/E&O Policy and IDL Policy: An insured may choose to seek to preserve potential coverage under its current D&O/E&O Policy or IDL Policy for a potential future lawsuit (or other potential future Claim) by providing the requisite notice to ICI Mutual during the Policy Period. Upon receiving such notice, ICI Mutual will advise whether the notice was sufficiently specific and timely to “bookmark” the current D&O/E&O Policy or IDL Policy.

Notices of Shareholder Derivative Demand Investigations under the D&O/E&O Policy: A standard endorsement to the D&O/E&O Policy provides coverage for a portion of expenses incurred by funds and other insureds in connection with shareholder derivative demand investigations by fund shareholders. Shareholder derivative demands are subject to the same notice requirements as notices of Claims or Unrealized Liabilities.

Notices of Internal Corporate Investigations under the D&O/E&O Policy: Another standard endorsement to the D&O/E&O Policy provides coverage for a portion of expenses incurred by insureds in “claim-related” internal corporate investigations—i.e., in certain internal corporate investigations that are related to regulatory investigations, lawsuits, or other Claims that are covered under the D&O/E&O Policy. The endorsement details notice requirements for such internal corporate investigations.

in responses to questions in an insured's application to ICI Mutual for insurance **will not satisfy** this requirement.

We stress the importance of providing ICI Mutual with *prompt* notice. Failure to do so can jeopardize the potential availability of insurance coverage. If time is of the essence (as may sometimes be the case, for example, when an insured may wish to take prompt corrective actions), the insured should contact ICI Mutual immediately by telephone as well as by email.

Insureds sometimes inquire as to whether notice should be provided to ICI Mutual with regard to underlying matters that are expected to result in losses below applicable deductibles or in losses that are otherwise not within the scope of coverage potentially available under the insured's ICI Mutual insurance product(s). We urge insureds, when in doubt, to report particular matters to ICI Mutual even if the ultimate loss or other details of the matters are not yet known, in order to avoid possible prejudice to their ability to recover under their D&O/E&O Policies, IDL Policies, and/or Bonds (as applicable) as a result of late notice.

The D&O/E&O Policy, IDL Policy, and Bond do not dictate a specific format that insureds must follow in providing notice of underlying matters. In order to facilitate the claims process, insureds are encouraged to provide the most complete information available to them at the time notice is submitted. Thus, for example, if an underlying matter involves a lawsuit, an insured should typically forward, along with its written notice to ICI Mutual, a copy of the complaint filed in the lawsuit. Where an underlying matter does not involve a lawsuit (as, for example, in the case of a fraudulent redemption that may trigger potential coverage under the Bond, or an operational error that may trigger Costs of Correction coverage under the D&O/E&O Policy), the insured should provide as detailed a description as possible of the matter for which coverage may be sought.

Sometimes, an underlying matter already noticed to ICI Mutual may be followed by the commencement of one or more additional matters—as, for example, where a regulatory settlement is followed by the commencement of one or more shareholder lawsuits. The D&O/E&O Policy, IDL Policy, and Bond require

A Note on Bond Claims and Rule 17g-1

Like investment company blanket bonds generally, the Bond is designed to permit fund groups to meet the bonding requirements imposed on registered investment companies by rule 17g-1 under the ICA. Rule 17g-1 imposes certain reporting requirements on registered investment companies with respect to certain insurance claims made under their bonds, including that an investment company (1) file with the SEC “within five days after the making of any [such] claim under the bond by the investment company, a statement of the nature and amount of the claim,” and (2) “within five days of the receipt thereof, a copy of the terms of the settlement of any [such] claim made under the bond by the investment company.”

Insureds making insurance claims under their Bonds should consult with their legal counsel as to the potential applicability of rule 17g-1's reporting requirements with respect to any particular claim.

the insured to provide notice to ICI Mutual of any such subsequent matters that may also be the subject of the insured’s actual or potential insurance claim.

Generally, multiple underlying matters that arise out of the same or interrelated acts (such as a regulatory investigation into particular practices and any subsequent shareholder lawsuits challenging the same practices) are treated under the D&O/E&O Policy as a single matter—i.e., as

a “single Claim” or a “single Unrealized Liability.” The single matter is deemed to have been made at the time of the earliest component matter, such that only one deductible and one D&O/E&O Policy limit will apply to the “single Claim” or “single Unrealized Liability.” Similar “single Claim” treatment is afforded to multiple interrelated matters under the IDL Policy, and the Bond specifies when multiple losses are deemed a “Single Loss.”

Acknowledgment and “Reservation of Rights” Letters

ICI Mutual will acknowledge your notice and will discuss various matters in a “reservation of rights” letter.

Following receipt of an insured’s notice, ICI Mutual will provide the insured with a letter acknowledging receipt of the notice. Depending on the nature and complexity of the underlying matter, ICI Mutual may assign the notice to its own outside counsel. ICI Mutual nevertheless remains familiar at all times with the status of the matters underlying all notices received and of any

associated insurance claims that may result, and consults frequently with its outside counsel with respect thereto. Consequently, if at any time during the claims process you have questions that you wish to discuss directly with us, you are encouraged to contact ICI Mutual’s general counsel or other in-house counsel.

After reviewing your notice, ICI Mutual or its outside counsel will then provide you with what is commonly referred to as a “reservation of rights” (“ROR”) letter.² The ROR letter, as is customary

Selection and Use of Claims Counsel by an Insured

In ICI Mutual’s experience, many insureds use their own in-house staffs to submit notices and process insurance claims with ICI Mutual, and do not necessarily retain outside counsel of their own for this purpose. The decision by an insured as to whether to retain outside counsel to assist with its notice and any resulting insurance claim is, of course, for the insured to make. Please note, however, that ICI Mutual views the costs to insureds of retaining outside counsel to assist with notices and insurance claims as a cost of doing business that is not compensable under the D&O/E&O Policy, IDL Policy, or Bond. By contrast, the costs to insureds of retaining outside counsel to represent them in the underlying matters giving rise to insurance claims (1) may frequently be compensable under the D&O/E&O Policy and IDL Policy as Costs of Defense (and/or, in certain cases, under the D&O/E&O Policy as Costs of Correction), and (2) may, in certain cases, be partially compensable under the Bond.

in the insurance industry, will seek to identify and explain provisions of the D&O/E&O Policy, IDL Policy, or Bond (as applicable) that may affect the potential availability of insurance coverage, based on what ICI Mutual knows about the underlying matter at the time.

The ROR letter will also typically review certain provisions of the D&O/E&O Policy, IDL Policy, or Bond (as applicable) relating to the insured's rights and obligations as an insured, and will generally instruct the insured to provide ICI Mutual on an ongoing basis with certain materials relating to the underlying matter.

The ROR letter will also remind the insured that, as is standard insurance practice, **the insured must receive consent from ICI Mutual before the insured admits any liabilities, incurs any Costs of Defense or Costs of Correction, or makes any settlements.** The D&O/E&O Policy, IDL Policy, and Bond also contain subrogation provisions addressing rights of recovery that insureds may have against third parties.

If the amount of an insured's loss is already fixed at the time of its initial notice to ICI Mutual—as

may be the case, for example, in certain claims under the Bond and in certain Unrealized Liabilities under the D&O/E&O Policy—ICI Mutual's ROR letter will also typically initiate ICI Mutual's factual and legal investigation into the underlying matter and the insured's associated insurance claim (see discussion below).

As noted above, one of the functions served by the ROR letter is to identify and explain provisions of the D&O/E&O Policy, IDL Policy, or Bond (as applicable) that may affect the availability or amount of insurance coverage potentially available to an insured for a noticed underlying matter. The coverage views expressed in the ROR letter will be based on ICI Mutual's review of materials *then available* to it (which will generally be those materials provided by the insured in its initial notice letter, and may also include publicly available litigation documents filed in court). Accordingly, in many cases the coverage views expressed in ICI Mutual's ROR letter will necessarily be preliminary in nature, and may be subject to change over time as the underlying matter (or as ICI Mutual's investigation of the underlying matter) proceeds and more facts become available.

Monitoring of Underlying Matter

ICI Mutual will monitor the matter underlying your potential insurance claim.

In many cases, an insured may not know the amount of any loss that may be incurred in an underlying matter at the time of its initial notice to ICI Mutual. For example, in the case of shareholder litigation or a regulatory investigation, an insured's notice will usually predate any final determination or settlement of the insured's liability by a period of months or years. In such cases, ICI Mutual will monitor the lawsuit or regulatory investigation (or other matter underlying the insured's notice) as the matter develops over time.

ICI Mutual will typically request that the insured provide ICI Mutual on an ongoing basis with copies of all pleadings, motions, and other relevant documents in the underlying matter. ICI Mutual will also contact the insured (or the insured's counsel) on a regular basis to obtain updates, to request specific documents or other

items of information, and/or to discuss strategic or tactical decisions being made in the matter.

In addition, where an insured has retained outside defense counsel (or other outside experts) in an underlying lawsuit, regulatory investigation, or other ongoing matter, ICI Mutual, together with the insured, will monitor the legal and related fees and costs that the insured is being charged.

As noted above, coverage for fees and costs constituting Costs of Defense is potentially available under the D&O/E&O Policy and IDL Policy. Indeed, insurance payments in the form of Costs of Defense have historically constituted a substantial percentage of all claim payments made by ICI Mutual. Coverage for reasonable attorneys' fees may also be available in certain cases under the Bond.

In recognition of the impact that defense-related fees and costs must have over time on insurance premiums, ICI Mutual has long worked closely with its insureds to promote their active

Selection and Use of Defense Counsel by an Insured

In the event of an underlying lawsuit, regulatory investigation, or regulatory enforcement action implicating potential coverage under the D&O/E&O Policy or IDL Policy, an insured may select the defense counsel who will represent the insured in the lawsuit or investigation (**subject to ICI Mutual's agreement to the selection of counsel**). The D&O/E&O Policy and IDL Policy thus permit ICI Mutual's insureds broad discretion and flexibility in arranging and controlling their defenses of lawsuits and regulatory proceedings.

ICI Mutual and its insureds have a common interest in the strong and effective defense of fund industry-related litigation and regulatory proceedings, and ICI Mutual has a long history of working closely with its insureds and their defense counsel to this end. Thus, for example, in addition to assisting individual insureds in their defense of individual matters, ICI Mutual has regularly provided its insureds and their defense counsel with updates on litigation and regulatory proceedings of common concern and has actively assisted defense counsel in various technical areas. ICI Mutual, through its annual *Claims Trends* newsletter and online *Litigation Notebook*, has also long served as an industry clearinghouse for tracking developments in recent and pending litigation and regulatory enforcement matters affecting fund groups.

management of these costs. Towards this end, during the pendency of any lawsuit, investigation, or other underlying matter, ICI Mutual will generally require an insured to instruct its defense counsel to prepare a defense budget (to be updated as appropriate as the matter proceeds), and to share this budget with ICI Mutual. The insured will also typically be required to provide ICI Mutual with defense counsel's engagement letter, and, on an ongoing basis, with copies of defense counsel's monthly invoices for legal and related fees incurred.

An insured's active involvement and cooperation in this effort is important. Such cooperation facilitates the ability of ICI Mutual and the insured to identify any concerns or issues relating to defense budgets or fees or costs being incurred, and positions ICI Mutual to reimburse the insured as promptly as possible for any insurable Costs of Defense. While a lawsuit, regulatory investigation, or other underlying matter is under way, ICI Mutual may, subject to certain conditions, reimburse ("advance") insureds for Costs of Defense being incurred.³ (In this regard, ICI Mutual customarily provides insureds with more

specific advice as to how the Company evaluates whether fees and costs constitute reimbursable Costs of Defense.)

More broadly, ongoing communication and cooperation with ICI Mutual is critical during the pendency of any underlying matter that may implicate an insured's insurance coverage. It is also critical that the insured keep ICI Mutual apprised of any efforts to settle or otherwise resolve such a matter while the matter is under way.

The better ICI Mutual's ongoing understanding of the matter underlying an insured's potential insurance claim, the more quickly and efficiently ICI Mutual can respond when the insured seeks ICI Mutual's consent to a settlement, and/or when the insured seeks insurance recovery for a judgment, a settlement, or Costs of Defense. In addition, given the Company's decades of experience with investment management-related claims, the Company is often in a position to provide its insureds (and/or their defense counsel) with guidance and assistance on strategic and tactical decisions and other relevant issues.

Costs of Correction Insurance

A specialized type of insurance coverage, commonly referred to as "costs of correction" coverage, permits insured entities (typically, insured advisers) to seek insurance recovery under their D&O/E&O Policies for certain corrective payments that they may make in response to operational errors, notwithstanding that no actual lawsuits (or other Claims) are ever initiated against them by affected funds or clients.

Relevant provisions of the D&O/E&O Policy detail the insured entity's obligations with regard to a potential "costs of correction" insurance claim. It is important to note that **the potential availability of the coverage is conditioned, among other things, on the insured entity's receiving ICI Mutual's prior consent to take corrective action.**

Factual and Legal Investigation

ICI Mutual will conduct a factual and legal investigation of the underlying matter.

As a key part of the ICI Mutual claims process, ICI Mutual will conduct its own factual and legal investigation of the matter underlying the insured's notice. The purpose of such an investigation is to gain an understanding of the relevant facts, circumstances, and law regarding the noticed matter so that ICI Mutual may evaluate (1) whether coverage for the matter is available under the terms of the D&O/E&O Policy, IDL Policy, or Bond, and (2) if so, in what amount.

If the dollar amount of an insured's loss is already fixed at the time of its initial notice to ICI Mutual—as may frequently be the case in certain types of claims under the Bond and in certain Unrealized Liabilities for which Costs of Correction are sought under the D&O/E&O Policy—the Company's investigation will typically commence shortly after an initial notice is received. If an underlying matter remains underway and/or the amount of an insured's loss is otherwise not yet fixed at the time of its initial notice—as will typically be the case in a lawsuit or regulatory investigation brought against an insured—the insured and ICI Mutual may decide that ICI Mutual's investigation should be deferred until additional development of the underlying matter has taken place.

The length of time required by ICI Mutual to complete its investigation will depend on a number of factors, including the complexity of the underlying matter and the speed with which the insured chooses to respond to ICI Mutual's requests for information. Once an insured has responded to ICI Mutual's information requests, ICI Mutual's investigation can often be completed in a matter of months.

ICI Mutual will generally commence its investigation by sending the insured written questions and/or requests for documents or other information. An insured's responsive materials may thereafter trigger follow-up questions or requests. In certain cases, depending upon the nature of the underlying matter, ICI Mutual may also request telephone or in-person interviews with one or more individuals at the insured's fund group who were involved in, or otherwise have knowledge of, aspects of the matter.

ICI Mutual seeks to conduct its investigations in a cooperative fashion, and encourages its insureds to work closely with representatives of ICI Mutual to elicit the relevant facts and circumstances of the matter underlying the insured's potential insurance claim. The Company's investigations can also frequently benefit insureds by assisting them in developing a more complete understanding of precisely *how* and *why* their losses occurred. This more complete understanding, in turn, often proves helpful to insureds in their own ongoing risk management efforts.⁴

Coverage Position and Claim Resolution

ICI Mutual will advise you of its views as to coverage, and will seek to resolve your insurance claim as expeditiously as possible.

After completing its factual and legal investigation, ICI Mutual will advise the insured as to the results, and will discuss with the insured the Company's conclusions regarding insurance coverage. ICI Mutual views this part of the claims process as a dialogue with the insured on coverage.

Accordingly, ICI Mutual will welcome the insured's response, including the insured's

assessment of any factual or legal issues that the insured may believe could inform ICI Mutual's assessment and analysis of coverage.

ICI Mutual, in conjunction with making an insurance payment, customarily enters into an agreement with the insured. The agreement serves to underscore the finality of the insurance claim resolution by providing for mutual releases as between ICI Mutual and the insured with respect to any further liability associated with the facts and circumstances underlying the insurance claim.

Conclusion

ICI Mutual has over three decades of experience in addressing insurance claims involving funds, fund directors and officers, and fund advisers and their affiliates. The Company possesses a wealth of specialized knowledge regarding fund industry operations and regulation, risks, and claims. ICI Mutual seeks to apply its experience and knowledge so as to address insurance claims in an even-handed, rational, and prompt fashion. This approach to claims remains a core guiding philosophy for ICI Mutual, and reflects its mission as an industry mutual insurer owned and governed by, and operated for the benefit of, the fund industry.

Endnotes

- ¹ By necessity, the comments in this brochure generalize as to the steps involved in making and resolving an insurance claim. This brochure is intended simply to familiarize insureds with the overall claims process by providing a general overview. This brochure should not be viewed as superseding or modifying any of the terms, conditions, or limitations of the D&O/E&O Policy, IDL Policy, or Bond, or any statutory or common law applicable to claims or the claims process. For more information, please consult applicable sections of your D&O/E&O Policy, IDL Policy, or Bond, or contact ICI Mutual.
- ² The time period between the date of an insured's notice to ICI Mutual and the insured's receipt of an ROR letter may vary for a number of reasons, including the nature and complexity of the noticed matter.
- ³ Under the D&O/E&O Policy, ICI Mutual's obligation to advance Costs of Defense is subject to certain provisos, including ICI Mutual's receipt of a satisfactory written undertaking from the insured. Pursuant to a standard endorsement to the D&O/E&O Policy, no such undertaking is required of fund independent directors seeking advancement of their Costs of Defense.
- ⁴ Through its claims experience, ICI Mutual has also developed institutional knowledge of when, how, and why particular types of Claims are brought against, or particular types of losses are sustained by, fund groups. ICI Mutual regularly shares this knowledge with all of its insureds (without identifying any specific claimants) through various publications, reports, seminars, and conferences. ICI Mutual's extensive library of publications includes risk management studies relating to fund industry claims and litigation, fund industry insurance products, other specific risks and risk management issues relevant to the fund industry, and certain technology-related matters. These studies are available on ICI Mutual's website at www.icimutual.com.

ICI Mutual is the predominant provider of D&O/E&O liability insurance and fidelity bonding for the U.S. mutual fund industry. Its insureds represent more than 60% of the industry's managed assets. As the mutual fund industry's dedicated insurance company, ICI Mutual is owned and operated by and for its insureds. ICI Mutual's services assist insureds with identifying and managing risk and defending regulatory enforcement proceedings and civil litigation.

ICI Mutual also serves as a primary source of industry information regarding mutual fund insurance coverage, claims, risk management issues, and litigation developments. Publications include an extensive library of risk management studies, the online *Litigation Notebook*, and the annual *Claims Trends* newsletter. Additional services include peer group profiles, coverage analyses, and assistance to insureds and their counsel in litigation defense.



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