The Willis Financial Institutions team is dedicated to providing a full range of insurance and risk management services specific to the financial sector. We have developed a depth of resource, technical knowledge and experience which places us in a position to exceed the level and scope of service required by our clients. Our services include:

- risk identification and analysis
- insurance utilising direct, reinsurance and captive insurers
- alternative risk transfer solutions
- risk mapping
- operational risk related services

We understand the financial sector’s culture and philosophy with regard to management of risk. We work with our clients to identify and analyse risk, taking into account:

- corporate governance and compliance
- the extent, complexity and diversity of the financial products or services provided
- client or customer base
- exposure to global jurisdictions and regulatory regimes
- operational risk in conjunction with the internal and external control environment

An informed understanding of their risk profile allows a financial institution to determine how best to mitigate, finance and/or transfer risk.

**OUR TEAM**

The Financial Institutions team, based in London, is a proven market leader and has been at the forefront of the financial institution insurance solutions market for decades. It is our genuine belief that we maintain a strong competitive advantage in the development of policy wordings and products as we strive to maintain leading edge coverage for all of our clients.

Our success is built upon:

- a long-established team of experienced professionals with a proven track record
- a desire to expand our knowledge and technical expertise
- an extensive client portfolio
- our long-term commitment to the financial institution sector
- the delivery of innovative risk solutions

**MANAGING THE MARKET**

Creating competition between insurers can be critical in achieving the optimum risk transfer solution. By the generation of competition we can ensure that we are securing the most appropriate pricing and scope of coverage suitable for our clients’ needs. We have an in-depth knowledge of global insurance markets and with our market knowledge, expertise and considerable leverage we are ideally positioned to generate the required competition.

Our clients include:

- Banks
- Clearing Houses
- Corporate Financiers
- Exchanges
- Financial Advisers
- Financial Services Companies
- Hedge Funds
- Insurance Companies
- Investment Banks
- Investment Managers
- Investment Trusts
- Pension Funds
- Private Equity Houses
- Stockbrokers

**INNOVATION**

The insurance market provides a suite of insurance policies that protect against the key financial and executive risks that face the financial sector today. Whilst a standard policy may adequately serve its primary purpose, there can be no substitute for designing a manuscript policy specifically tailored to protect the unique requirements of each financial institution.
**SPECIALIST INSURANCES**

**PROFESSIONAL LIABILITY**

Beyond the norms of negligence and breach of statute, the financial sector is increasingly being pursued for a broad range of breaches of duty including breach of confidentiality and copyright.

A professional liability policy provides cover in respect of damages, awards, settlements, defence costs (including regulatory investigation costs) which arise out of the sale of financial products or services to third parties.

**DIRECTORS’ & OFFICERS’ LIABILITY**

Directors and officers (D&O’s) of companies are facing unprecedented levels of responsibility and accountability. Ever-increasing levels of corporate governance coupled with new laws and accounting standards reflect the increased exposure to personal liability of today’s D&O’s. A D&O liability policy protects the personal liability of the directors and officers which arises whilst acting in such a legal capacity. The policy will pay damages, awards, settlements, defence costs or official investigation costs.

The policy additionally protects the company where it indemnifies its D&O’s. In the event that the company does not indemnify in the first instance, the policy will have a provision for the advancement of defence costs.

**CRIME INSURANCE**

Provides comprehensive coverage in respect of all manner of crime related risks including:

- infidelity of employees through dishonest, fraudulent and malicious acts
- protection of assets on the premises or in transit on an all-risks basis
- forgery and counterfeiting
- damage to the premises or its contents through malicious mischief
- computer related crime and virus damage

Additional specialist protection can be provided for Unauthorised Trading, Extortion, Plastic Cards and ATM risks.

**INVESTMENT MANAGERS INSURANCE**

The relationship between an investment manager and its investment funds, shareholders, investors and other third parties is such that complex professional and managerial liabilities are incurred in numerous ways. Investment Management Insurance provides a comprehensive combination of professional liability, D&O liability and Crime protection in a single policy.

This approach mitigates any potential coverage gaps that could easily occur if stand-alone policies were arranged.

**HEDGE FUND LIABILITY INSURANCE**

The structure of Hedge Funds and the emerging risks present in the management of pooled funds to the satisfaction of investors means that care needs to be taken when arranging liability protection.

Hedge Fund Liability Insurance provides broad coverage under a single policy for the following liabilities:

- general Partnership and D&O liability
- outside Directorship liability
- professional liability

The Financial Institutions team has specialist capabilities which support our clients with regard to their operational risk management including:

- the application of operational risk capital mitigants such as insurance and alternative risk financing
- the use of internal and external data scenarios

**EMPLOYMENT PRACTICES LIABILITY**

As employers, financial institutions are becoming more exposed to employment related claims due to the continuing development of employment law around the world. Employees are much more aware of their rights of action against their employers and are more ready to exercise such rights in order to receive compensation.
The intention of Employment Practice Liability insurance is to provide broad liability protection for all employment practice violations. Coverage goes beyond any cover found in a standard D&O policy in that it provides protection for:

- the financial institution and all its employees (including D&O’s and temporary or seasonal workers)
- pensions Regulator or Ombudsman awards
- defence costs
- legal representation costs at an official investigation
- punitive damages (for North American exposure)
- mental anguish or emotional distress

**PENSION TRUSTEE (FIDUCIARY) LIABILITY**

A Trustee Liability policy protects the liability of the trustee of a pension plan which arises whilst acting in such a capacity. The policy will pay damages, awards, settlements, defence costs or official investigation costs.

The policy also provides protection against awards made by the Pensions Regulator or Ombudsman (or similar bodies in other jurisdictions).

In the event of indemnification or exoneration by the Sponsoring Employer or Plan, the policy additionally protects the:

- assets of the sponsoring employer
- assets of the plan

**OPERATIONAL RISK**

**RISK MAPPING**

Basel II loss event categories can be mapped to insurance categories so that financial institutions are able to determine the extent to which their operational risks are mitigated by insurance. We provide risk mapping services undertaken by an operational risk specialist and an insurance wording specialist to ensure delivery of robust results.

**WILLIS OPERATIONAL RISK LOSS DATABASE (WORLD)**

Willis maintains a qualitative database of operational risk events relevant to the finance industry. The Willis Operational Risk Loss Database is password accessible via our web site, www.willis.com/world. Events can be classified in various ways including Basel loss event categories and, where appropriate, relevant insurance. The narrative provided on each event is intended to be used as a prompt for scenario analysis, helping a financial institution to structure and understand its risk profile.

**SCENARIO ANALYSIS**

We are able to model the severity and the frequency of operational risk losses using ‘Monte Carlo’ methods to obtain the estimated total cost of risk for different insurance options at a given ‘confidence level.’

**MENTOR**

The Management of Enterprise-wide Operational Risk is a mathematical model designed to enable a financial institution to analyse its own internal, operational risk, loss event data. Combining loss event frequency and severity analyses via Monte Carlo Simulation, Mentor produces a loss probability profile, of significant input in the measurement, management and mitigation of risks.
KNOWLEDGE TRANSFER

We endeavour to be informed on all matters pertinent to the risks facing today’s financial sector and related specialist risk transfer products. These includes:

– developments in the legal and regulatory environments
– market developments (including analysis by product; manuscript policies and/or policy provisions)
– new risk transfer products and techniques
– claims trends (including litigation trends and developments)

Consequently, we are able to provide professional advice to our clients.

CLAIMS MANAGEMENT

We recognise that our clients benefit greatly from intensive, pro-active, and consistent involvement into the claims process. We are committed to:

– providing a value added claims management service
– establishing claim handling protocols tailored to the insurance program and client
– serving as the client’s advocate throughout the claims process
– leveraging relationships with the insurance markets

THE WILLIS INDEX

FINEX Financial Institutions publishes bulletins covering current ‘hot topics’ and their impact on clients and the insurance industry. A Market Update is also included, which reports the findings of our quarterly survey of insurers who provide responses on key market indicators including premium, retentions and coverage.
GLOBAL PRESENCE, LOCAL SERVICE

With 300 offices across 100 countries, Willis offers a worldwide network, combined with outstanding local service and expertise.

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