



Investment Managers Claims Scenarios



Investment Manager

- ⌚ 40 staff
- ⌚ \$32M turnover

Background

A client of the Insured invested \$750,000 into a contributory mortgage investment scheme on the advice of the Insured. The panel valuer appointed by the Insured grossly over estimated the value of the property at \$7.8m when its correct value was \$2.9m. The developer of the property was unable to complete the project due to financial trouble and went into liquidation. This resulted in the property being handed over to the Insured who sold the property for \$980,000, less than a quarter of what it was valued at. The client made a claim against the Insured on the basis that they were negligent in their handling and management of the investment by appointing a valuer

that lacked the required experience and the financial statements they obtained regarding the developers finances were out of date.

Outcome

The Insured claimed under their IMI Policy and indemnity was granted. The claim was settled before court on the agreement that the Insured would pay the claimant \$100,000 and their defence costs.

Payment: \$235,000

Stockbroker

- ⌚ 54 staff
- ⌚ \$10M turnover

Background

The Insured trades securities for retail clients. It came to the attention of the Insured that some of their clients shares had been sold without authorisation and the amounts had been paid into fake bank accounts. The affected clients made a claim against the Insured to have their shares reinstated to the position they were in before the fraud.

Outcome

The Insured claimed under their IMI policy and indemnity was granted under Clause 11.1 Care, Custody and Control.

Payment: \$850,000.