

# RIA Business Insurance Program Policy Update

## Proactively helping manage risk to your firm

Fidelity Institutional (FI) is introducing a new policy requiring certain firms on our platform to carry business insurance coverage that can help mitigate potential risks to the firm. Whether having coverage is a new consideration for your business, or you already have a policy in place, we've outlined the details of this new policy to help secure the appropriate coverage for your firm to meet the requirement.

### Defining the Insurance Requirement

- Each covered advisory firm must obtain and maintain continuous insurance coverage for third party claims with an aggregate limit of at least **\$1 million** including the following components:
  - **Errors & Omissions** or Professional Liability Insurance
  - Social Engineering Insurance (which must comprise **at least \$250K** of the \$1 million minimum)
  - Financial Institutions Bond or Fidelity Bond (or other type of insurance that offers protection against losses caused **by employee fraud or theft**)
  - **Note: Theft by employee** not required for firms with only one employee
- **Included Firms:** The policy applies to all SEC and State-registered advisors, including multi-family office, turnkey asset management programs, and serviceable available market clients
- **Excluded Firms:** Bank/Trust Companies, Single Family Offices, and Wealthy Family clients of Fidelity Family Office Services are excluded from the requirements

These requirements serve as minimums, and your Firm should consider the coverage limits appropriate to the size and type of your business.

### Why are we requiring Professional Liability Insurance?

Fidelity has observed a marked and material increase in frequency and severity of social engineering incidents over the past year. The purpose of the requirement is to mitigate growing risks that your firm, end-clients, and Fidelity face as a result of increased operational complexity, market volatility, and the growing threat from rising industry fraud.

### IMPORTANT DATES

#### → June 30, 2022

All existing covered firms are required to sign a 1-page attestation regardless of existing coverage indicating whether:

1. You currently meet all of Fidelity's policy requirements
2. You currently meet some but not all of the policy requirements, or
3. You currently do not have insurance coverage

#### → September 30, 2022

Clients currently without insurance will be required to obtain the minimum coverage

#### → March 31, 2023

Clients with an active insurance policy that does not currently meet all requirements will be required to update their policy to align with the change upon policy renewal, or March 31, 2023, whichever is sooner

## What are my options?

For your reference and consideration, we are excited to introduce a new, exclusive alliance with Willis Towers Watson (WTW) and underwriter Markel Insurance Company<sup>1</sup>, who have developed an easily accessed, streamlined online application system and underwriting process that facilitates the insurance process end-to-end. WTW can offer a bundled package in a single policy that also meets Fidelity's requirements. Visit [here](#) to learn more.

Through the Fidelity Alliance Network, you also have access to insurance brokerage firms experienced in assisting advisory firms secure business coverage insurance. You can find more details about these providers below, including contact information.

- [Golsan Scruggs](#)—Brian Francetich | bfrancetich@golsanscruggs.com | 503-244-0297
- [Liftman Insurance](#)—Mark Liftman | mark@liftman.com | 617-439-9595, ext. 1
- [Newtek Business Services Corp.](#)—Jon Schmidt | jschmidt@newtekone.com | 212-273-8241
- [Starkweather & Shepley Insurance](#)—Jessica Thayer | jthayer@starshep.com | 207-831-8776
- [The Uhl Agency](#)—Jon Kreuzsch | jonkreusch@uhlagency.com | 937-434-9090
- [Willis Towers Watson \(WTW\)](#) | RIAProgram@willis.com
- [Windmere Insurance Group](#)—Scott Shannon | sshannon@windinsgroup.com | 704-247-3038

While Fidelity is making these resources available to firms on its platform to help you in this process, your firm is not required to use any of these specific providers and is free to work with any insurance provider in the market that it feels is the best fit for your firm as long as your resulting coverage meets the minimum requirements outlined above.

## Additional Resources

- [Sign a 1-page Attestation Form via the Forms Library in Wealthscape](#)
- [Fidelity Alliance Network](#)—Risk and Regulatory | Fidelity Institutional
- [10 Considerations for Managing Risk with Professional Liability Insurance](#)
- [Managing Cyber Security and Cyber Fraud Risks](#)
- [Preventing email based financial fraud and credential theft](#)

Reach out to your relationship manager with any questions.



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<sup>1</sup> Markel awarded "A" rating (Excellent) in 2021 by AM Best, a credit rating agency focused on the insurance industry.

The RIA Business Insurance Program is currently not available to advisory firms located outside the U.S. or in the states of Washington and Alaska, Puerto Rico, Guam, or the U.S. Virgin Islands.

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