

## Propsectus

Whether you are an established FinTech company or a new start-up, the right insurance and crisis management plan can mean the difference between the survival of your FinTech business, or financial disaster and reputational ruin.

Being within the financial services sector, professional liability is essential insurance and, for many, a compulsory regulatory requirement, whilst directors' and officers' insurance is key for attracting top management and personally protecting them. For FinTech businesses, which will have a combination of technology, money and personal data at their core, protection against cyber risks and theft is also an essential part of comprehensive cover.

The Insured should never underestimate the importance of your crisis management plan and the responses and actions in the immediate period after a cyber breach. They could be crucial for the survival of your company. Our Reinsurer (Markel) offers a single FinTech policy which deals with all these issues. The insurance provides over 100 FinTech companies that offer services such as banking, money transfer, trading, investments, lending and most recently Account Information Service Providers (AISPs) and Payment Initiation Service Providers (PISPs). The Payment Services Directive 2 and Open Banking were implemented on the 13 January 2018. It's vitally important for companies that wish to offer AISP or PISP services to have the right insurance policy to form part of their application to the FCA. The FinTech policy provides the essential insurance cover needed for companies that wish to become authorised by the FCA to be able to offer these services.

For FinTech businesses, which will have a combination of technology, money and personal data at their core, protection against cyber risks and theft is also an essential part of comprehensive cover. This policy is primarily designed to cater to needs of the financial services sector.

FinTech policy comes with an option of selecting multiple covers in addition to the core cover for Professional Services: Directors & Officers Liability, Cyber Liability & loss; Theft

### Insuring Clauses:

This policy is designed to protect you, the Insured, against certain Liability and Loss that you may become exposed to during the course of your business activities. It covers certain Losses that you may suffer and Claims that may be made against you by your clients, customers or other third parties. The policy covers -

#### 1. Professional Liability

Insured's agree to pay Liability and Costs and Expenses on behalf of the Insured in respect of any Claim in connection with the Insured's Business, other than from a Theft of Money & Financial Instruments, Network Security Incident or Telephone Phreaking against the Insured in respect of any actual or alleged

- (a) negligence or breach of professional duty;
- (b) negligent misstatement or negligent misrepresentation;
- (c) breach of a duty of care or confidentiality or of any rights to privacy
- (d) Data & Document Loss Incident;
- (e) infringement of Intellectual Property Rights;
- (f) libel or slander;
- (g) dishonesty of Employees;
- (h) negligent acts or omissions of Service Providers resulting in any of (a) to (f) above; or
- (i) civil liability not listed in (a) to (g) above.

#### 2. Directors & Officers

Insured's agree to pay for -

- a) Insured Persons' Liability - Liability and Costs and Expenses on behalf of any Insured Person arising from any Claim for a Wrongful Act
- b) Extradition - Extradition Costs on behalf of any Insured Person;

- c) Prospectus Liability - Liability and Costs and Expenses on behalf of any Insured Person arising from any Claim for an Offering Wrongful Act
- d) Outside Position Liability - Liability and Costs and Expenses on behalf of any Insured Person whilst serving in an Outside Position and arising from any Claim for a Wrongful Act
- e) Company Reimbursement - on behalf of the Insured to the extent that the Insured has indemnified any Insured Person for any Liability and Costs and Expenses covered under insuring clauses
- f) Company Derivative Action Costs - Derivative Action Costs on behalf of the Insured

### **3. Theft**

- a) Internal Theft - indemnify the Insured for Loss directly caused by any Theft of Money & Financial Instruments (including via electronic means) committed by an Employee, with or without collusion with a third party, first discovered
- b) External Theft - indemnify the Insured for Loss directly caused by any Theft of Money & Financial Instruments (including via electronic means) committed by a third party, first discovered
- c) System and Data Rectification Costs - reimburse the Insured for System and Data Rectification Costs which arise from a Loss covered under insuring clauses
- d) Extortion - pay on behalf of the Insured the costs required to deal with, contain, mitigate and/or pay a ransom demand by a third party who first commenced Extortion against the Insured and is insurable by law

### **4. Cyber Liability & Loss**

- a) Liability from a Network Security Incident - Liability and Costs and Expenses arising from a Network Security Incident
- b) System and Data Rectification Costs - System and Data Rectification Costs as a result of a Network Security Incident
- c) Business Interruption - Business Interruption which arises directly from a Network Security Incident

- d) Telephone Phreaking - Loss which arises from Telephone Phreaking

The policy also extends to cover:

1. Acquisitions and Formations of Companies
2. Continuous Cover
3. Court Attendance Compensation
4. Crisis Management Costs
5. Employee Indemnification
6. Mitigation
7. Public Relations Services
8. Regulatory Investigations

### **EXCLUSIONS**

This policy will not pay for any loss arising out of, or in any way connected with

- Asbestos
- Betterment
- Bodily Injury
- Consortia and Joint Ventures
- Contractual Liability
- Contractual Service Credits or Penalty Clauses
- Dishonest, Fraudulent, Criminal or Malicious Acts or Omissions
- Electro-magnetic
- Employers' Liability and Employment Practices Liability
- Financial Interest
- Fines, Penalties and Non-Compensatory Damages
- Fraud directly against Customers
- Infrastructure Failures
- Insolvency/Bankruptcy
- Insufficient IT Infrastructure Capacity
- Jurisdictional Limits
- Known Circumstances and IT Vulnerabilities
- Market Fluctuations
- Patents and Trade Secrets
- Plastic Cards
- Pollution
- Property Damage
- Radioactive Contamination or Explosive Nuclear Assemblies
- Retroactive Date
- Subsidiaries
- Taxation, Competition, Restraint of Trade and Anti-Trust
- Uninsured Clauses

- Upstream Disputes
- USA
- Virtual Currencies
- War and Terrorism

## Claims Conditions

### 1. Claims / Loss Notification

- a. As speed is of importance, the Insured should give notice immediately (and within the Period of Insurance) to the Crisis Management Specialist via the telephone number and/or email address stated in the Schedule, upon discovery of:
  - a. Data & Document Loss Incident, Theft of Money & Financial Instruments, Extortion, Network Security Incident or Telephone Phreaking against the Insured; or
  - b. any circumstances of which the Insured shall become aware which is likely to give rise to a Claim or Loss from a Data & Document Loss Incident, Theft of Money & Financial Instruments, Extortion, Network Security Incident or Telephone Phreaking, giving detailed reasons for the anticipation of such Claim or Loss, together with full particulars as to dates and persons involved.

Such notice having been given as required by (b), any subsequent Claim or Loss made or shall be deemed to have been made or to have occurred during the Period of Insurance.

- b.** In respect of all other Claims and Loss; the Insured shall give written notice to Insurers, as soon as reasonably practicable (and within the Period of Insurance) of:
- i. such Claim or Loss;
  - ii. the receipt of any notice of an intention to make a Claim; or
  - iii. any circumstances of which the Insured shall become aware which is likely to give rise to a Claim or Loss, giving detailed reasons for the anticipation of such Claim or Loss, together with full particulars as to dates and persons involved.

Such notice having been given as required by (b) or (c) above, any subsequent Claim or Loss made or shall be deemed to have been made or to have occurred during the Period of Insurance.

## **2. Claims / Loss Handling**

- a.** The Insured, Insured Persons and any person acting on their behalf shall:
- i. not admit liability in part or in full for or settle or attempt to settle any Claim or Loss, or pay any ransom, or incur any costs and expenses (other than Emergency Mitigation Costs) in connection with any Claim or Loss without the Insurers' or the Crisis Management Specialist's prior written consent (such consent not to be unreasonably withheld); and
  - ii. give all such information or assistance possible and forward all documents as the Insurers may require to enable them to investigate, settle or defend any Claim or Loss.
- b.** The Insurers shall be entitled, but not obliged, at any time to take over and conduct in the name of the Insured the defence or settlement of any Claim or to prosecute in the name of the Insured for their own benefit any claim for payment, indemnity or damages or otherwise against any third party.
- c.** The Insured or Insured Persons shall not be required to contest any Claim unless Queen's Counsel (to be mutually agreed upon by the Insured, Insured Persons and the Insurers or, in default of agreement, to be appointed by the President for the time being of the Law Society) shall advise that such Claim has reasonable prospects of success.
- d.** The Insurers shall not settle any Claim without the consent of the Insured or Insured Person. If, however, the Insured or Insured Person shall refuse to consent to any settlement recommended by the Insurers and shall elect to contest a Claim, then the Insurers' liability for such Claim (including costs and expenses) shall not exceed the amount for which the Claim could have been settled inclusive of costs and expenses incurred with their consent up to the date of such refusal, and then only up to the limit of liability stated in the Schedule. At any stage of a claim Insurers can pay the Insured or Insured Person the applicable limit of liability or what remains after any earlier payment from that limit of liability. Insurers will pay costs and expenses already incurred at the date of Insurers' payment. Insurers will then have no further liability for that Claim or its Costs and Expenses.
- e.** Except as may be required by law or by a Regulator, the Insured shall not disclose, without the Insurers' prior written consent, the existence of this policy to any third party which has brought a Claim against the Insured which could give rise to an indemnity under this policy or to any third party which the Insured ought reasonably to suspect would be likely to bring such a Claim.

## **3. Allocation**

This clause is applicable to insuring clause 2 only. If a Claim is made both against Insured Persons and also against the Insured and/or any other persons not insured under this policy, Insurers shall only pay the Liability sustained by such Insured Persons.

In respect of Costs and Expenses incurred on behalf of Insured Persons and the Insured and/or any other person

not insured under this policy, Insurers shall pay only such proportion of such Costs and Expenses as is reasonable having regard to such Insured Persons' reasonable potential liability for the Claim.

In respect of any liability under a settlement (excluding Costs and Expenses) Insurers shall pay only such amount as may be just and equitable having regard to the Insured Person's responsibility for the same.

The Insured, any Insured Person and Insurers shall use their best efforts to determine a fair and proper allocation of Liability and Costs and Expenses as between the Insured and such Insured Person and Insurers, but in default of agreement Insurers shall pay sums that they state are fair and proper until such time as a Queen's Counsel determines allocation on the principles set out in this condition. The Queen's Counsel is to be mutually agreed upon by the Insured Person, the Insured and Insurers or, in default of agreement, to be appointed by the President for the time being of the Law Society of England & Wales.

#### 4. Notices

Any notice, direction or instruction given under this policy shall be in writing and delivered by hand, post, or facsimile to

#### **HDFC ERGO GENERAL INSURANCE COMPANY LIMITED**

Corporate Claims

Department 6th Floor,

Leela Business Park,

Andheri Kurla Road, Andheri(E),

Mumbai – 400059 Call Centre - 022-6234

6234

#### 5. Renewal

The Company shall be under no obligation to renew the policy on expiry of the period for which premium has been paid. The Company reserves the right to offer revised rates, terms and conditions at renewal based on claim experience and a fresh assessment of the risk. This policy may be renewed only by mutual consent and subject to payment in advance of the total premium at the rate in force at the time of renewal. The Company,

however, shall not be bound to give notice that the policy is due for renewal or to accept any renewal premium. Unless renewed as herein provided, this policy shall automatically terminate at the expiry of the period for which premium has already been paid.

## 6. Cancellation

This policy may be cancelled at any time by the Insured giving notice of cancellation in writing to the Insurers. Insurers shall retain the proportion of the Premium for the period up to the receipt of the cancellation notice. However, if the Insured reports to Insurers any Claim, Loss or any circumstance likely to give rise to a Claim or Loss prior to the receipt of the cancellation notice, then the Insurers shall retain the entire Premium whether or not any payment is ever made.

## 7. Claims Procedure

### a. Claim Acknowledgement and Preliminary documents for assessment of loss:

An acknowledgement is sent to the insured/ along with the claim no. and list of preliminary documents / requirements such as:

#### • Other than Cyber

1. Duly completed and signed claim form/details of incident and/or loss
2. Description of the events, in chronological order, as to how, when and where the circumstances leading to the claim or suit occurred
3. Date when the insured became first aware of such complaint/demand/circumstance
4. Details of the claimants
5. Copies of all written demands / court proceedings initiated against the Insured including the response of the insured to the said demand/ court proceedings
6. Copies of contract copies along with annexures entered between the insured and their clients
7. Details and breakup of the quantum claimed and supporting of the same In case if no quantum is claimed, the estimate of the damages likely to be claimed:
8. Copies of all relevant communications exchanged between the parties between the claimant and the insured and any agreements entered into;
9. Opinion of the counsel in connection to the merits and demerits of the case
10. Details of other persons or entities which may be responsible or liable for the loss or damage being claimed; and
11. Contact details of Insured's person handling the claim in Insured's company.
12. Copy of FIR/Complaint Copy/Final investigation report
13. Any other document/ information in support of the claim

#### For CYBER:

#### Claim documents required for all events specified under the policy:

1. Duly completed and signed claim form/details of specified events and/or circumstances leading to specified events
2. Documents stating the date and time the incident took place
3. Copy of FIR/Complaint Copy/Final investigation report
4. List of any Expenses and/or Loss along with supporting
5. All communications exchanged by and with the insured in connection to the incident

6. Any other document/ information in support of the claim

**In addition to the above, claim documents required for specified events under the policy**

• **Liability from a Network Security Incident:**

1. Details and documents supporting indicating the breach of data / cyber incident
2. Copy of any demand/complaint legal proceedings made by the Third party against the insured including the response of the Insured
3. Copy of Forensic report
4. Details of the Forensic consultants appointed and the rates charged by them /engagement letter

**System and Data Rectification Costs**

1. Details of the data that was lost and is required to be restored
  2. Details of the IT expert appointed and the rates charged by them /engagement letter
  3. Final report of the IT expert along with annexures detailing the complete facts of the incident
- b.** Any other document/ information in support of the claim. Decision on appointment of Surveyor/investigator will be taken, if required and on the discretion of the insurer
- c.** The Insurer shall verify the claim notified in the area of Coverage through various means and documents and shall notify the acceptance/ rejection of such claim to the Insured



## II. Claim Intimation:

In the event of loss of an insured event the insurance company must be informed through any of below means immediately-

1. Relationship officer / channel partner
2. Call Centre - 022-6234 6234

3. E-mail at [care@hdfcergo.com](mailto:care@hdfcergo.com)

4. Our contact details are as follows:

HDFC ERGO General Insurance

Co. Ltd. Corporate Claims

Department,

6th Floor, Leela Business Park, Andheri Kurla Road, Andheri (E), Mumbai – 400 059.

During Intimation of claim, Insured has to provide relevant information which includes Policy details and Loss details in the agreed format.

## III. Grievance Redressal Procedure:

If You have a grievance that You wish Us to redress, You may contact Us with the details of Your grievance through:

- Call Centre - 0120-6234 6234 / 022-6234 6234
- Emails – [grievance@hdfcergo.com](mailto:grievance@hdfcergo.com)
- Contact Details for Senior Citizens: 022 6242 6226 | Email ID : [seniorcitizen@hdfcergo.com](mailto:seniorcitizen@hdfcergo.com)
- Designated Grievance Officer in each branch
- Company Website – [www.hdfcergo.com](http://www.hdfcergo.com)
- Courier- Any of Our Branch office or corporate office

Contact Points	First Contact Point	Escalation level 1	Escalation level 2
Contacts us at	<a href="https://www.hdfcergo.com/customer-care/grievances">https://www.hdfcergo.com/customer-care/grievances</a> Call: 022 6234 6234 / 0120 6234 6234	<a href="https://www.hdfcergo.com/customer-care/grievances/escalation level 1">https://www.hdfcergo.com/customer-care/grievances/escalation level 1</a> Call: 022 6234 6234 / 0120 6234 6234	<a href="https://www.hdfcergo.com/customer-care/grievances/escalation level 2">https://www.hdfcergo.com/customer-care/grievances/escalation level 2</a> Call: 022 6234 6234 / 0120 6234 6234
Contact Point for Senior Citizen	<a href="https://www.hdfcergo.com/customer-care/grievances">https://www.hdfcergo.com/customer-care/grievances</a> Call: 022 6242 6226 Email id: <a href="mailto:seniorcitizen@hdfcergo.com">seniorcitizen@hdfcergo.com</a>	<a href="https://www.hdfcergo.com/customer-care/grievances/escalation level 1">https://www.hdfcergo.com/customer-care/grievances/escalation level 1</a> Call: 022 6242 6226 Email id: <a href="mailto:seniorcitizen@hdfcergo.com">seniorcitizen@hdfcergo.com</a>	<a href="https://www.hdfcergo.com/customer-care/grievances/escalation level 2">https://www.hdfcergo.com/customer-care/grievances/escalation level 2</a> Call: 022 6242 6226 Email id: <a href="mailto:seniorcitizen@hdfcergo.com">seniorcitizen@hdfcergo.com</a>
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Visit us	Grievance cell of any of our Branch office	The Grievance Cell, HDFC ERGO General Insurance Company Ltd., D-301, 3rd Floor, Eastern Business District (Magnet Mall), LBS Marg, Bhandup (West) Mumbai - 400	Chief Grievance Officer, HDFC ERGO General Insurance Company Ltd., D-301, 3rd Floor, Eastern Business District (Magnet Mall), LBS Marg, Bhandup (West) Mumbai - 400

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**YOU CAN REQUEST A QUOTE TODAY**

For more information about Our FinTech Insurance Policy and full range of HDFC ERGO Insurance products, contact your local broker or HDFC ERGO representative.

DISCLAIMER: THE ABOVE INFORMATION IS FOR DESCRIPTIVE PURPOSE ONLY. PLEASE REFER YOUR POLICY DOCUMENT OR OUR WEBSITE [WWW.HDFCERGO.COM](http://WWW.HDFCERGO.COM) FOR THE ACTUAL TERMS AND CONDITIONS. INSUREDS ARE ADVISED TO READ THE POLICY DOCUMENT COMPLETELY FOR A FULL DESCRIPTION OF THE TERMS AND CONDITIONS OF COVERAGE AND THE EXCLUSIONS RELATING THERETO.

**ANTI REBATING WARNING**

**Section 41 of the Insurance Act 1938**

- I. No person shall allow or offer to allow, either directly or Indirectly as an Inducement to any person to take out or renew or continue an insurance In respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept rebate except such rebate as may be allowed In accordance with the published prospectus or tables of the insurer.
- II. Any person making default in complying with the provisions of this Section shall be liable for penalty which may extend to Ten Lakh rupees.