

# Fintech insurance.



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.

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. Markel offers a single fintech policy which deals with all these issues.

Since launching the fintech insurance policy in 2016, Markel is very proud to be providing insurance to 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 Markel 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.

## Crisis management service

Markel has established a team of experts that are available on a 24/7 basis to help manage, investigate, resolve and recover from a network security incident, theft, telephone phreaking or a privacy breach, electronic or otherwise. With one phone call you will be given access to a combined team offering data breach management, technical forensic investigation, legal advice, notification assistance, web and credit monitoring, and public relations services.

In the event of a data breach incident our crisis management team will provide advice, assistance and guidance to ensure that:

- the incident is contained
- any compromised data is identified
- notification obligations are assessed
- data subjects are notified promptly where appropriate
- call centre services are engaged as necessary
- credit monitoring and web monitoring are made available where required
- regulators are notified and kept informed
- systems are returned to normal operation
- reputational issues are addressed via the appropriate media
- any liability exposures are assessed and response strategies devised

Our crisis management team consists of Markel claims handlers, Dolden Wallace Folick, Fasken Martineau, Edelman and Global Public Affairs.

## Insurance cover

Our fintech policy comes with three additional options for cover, to build on a core professional indemnity section. You can also choose different levels of protection for each option up to a maximum of \$5 million each.

### Professional liability

This covers your company for claims arising from its failings in the provision of the services that you offer your clients, customers and other third parties. The policy will pay compensatory damages, including the claimant's legal cost awarded against you and your own legal cost in defending claims.

As a financial company, these failings could come from bad advice or recommendation or from poor servicing, such as arranging inadequate security against a loan, or paying the wrong person. The policy also extends to cover regulatory investigations made against you. As a technology company, programming errors in your systems could mean failing to execute orders to buy or sell shares or buying the wrong amount.

The cover is broad and extends to insure you on a civil liability basis. This includes negligence, breach of professional duty, libel and slander, infringements of intellectual property rights, breaches of privacy, and also your liability for dishonest employees and negligent service providers.

Professional indemnity insurance may be a mandatory requirement for those seeking FCA permissions or authorisation.

Professional indemnity will not cover you for losses and liabilities arising from a theft, network security incident or telephone phreaking, but protection against these are also available.

### Directors' and officers' liability

Cover for the directors and officers of the company to protect and defend them against allegations that they have committed wrongful acts whilst managing the affairs of the company. Claims against the directors and officers may be brought by disgruntled shareholders, employees, creditors or by a regulator.

The policy also covers extradition defence costs, liability arising from statements made in a prospectus and covers directors and officers whilst acting on the board of an outside entity.

If the company has agreed contractually or otherwise to indemnify its directors then the policy will reimburse the company.

### Theft

Covers the company for theft of money and other financial instruments that it owns or for which it is legally responsible. It covers thefts committed with or without the aid of an employee and those committed via electronic or non-electronic methods.

It extends to reimburse the company if it needs to rectify its computer systems following a theft via electronic means.

It will pay the cost to deal with attempts to extort the company by threatening to commit a theft, initiate a hack or denial of service attack or to introduce a virus into its IT systems if such ransom is not met.

### Cyber liability and loss

Protects the company from legal liabilities and losses that may occur if it becomes a victim of a network security incident, such as a hack, denial of service attack or a virus.

It will include the management of a data breach of your IT network, systems and data rectification costs and business interruption following a network security incident.

## Claims handling

While an insurance policy is only tested at the time of loss, we see claims as being far more than simply an emergency response. We want our claims service to be so good that it's an active reason for our brokers and their clients to insure with Markel rather than someone else.

We are here to pay claims. And we'll do so in a way that is fast, efficient and creative. Our focus is on our customers – the broker and their client. We look at claims the way they do. We are nimble. We decide quickly and let you know quickly.

## Cyber rapid response

We recognise the fast moving nature of cyber events. Therefore we have partnered with a host of experts to provide our policyholders with access to specialist services; a rapid and integrated solution for coping with a cyber incident, including a 24/7 helpline.

### Pre-breach/risk management

NetDiligence®

### Breach response



FASKEN

### Incident management



### Forensic investigation



### Credit monitoring/call centre



### Public relations



## About Markel Canada

Markel Canada Limited was established in 1966, with Canadian offices in Toronto, Vancouver and Montreal. We pride ourselves on being a leader in liability with sector specialties. Our educated underwriters work with clients to offer optimal risk management solutions, and our dedicated claims team ensure each claim is handled promptly, professionally and fairly. Your success is our success – that's the Markel Style. Our parent company, Markel International, is a subsidiary of Markel Corporation, a US-based holding company for insurance and investment operations around the world.

## Key contacts

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