ambridge®

Insurance for Private Investment Funds

Frequently asked questions

When in a fund's lifecycle can *LiquidationGap®* Insurance be most effectively utilized?
LiquidationGap® Insurance is intended to be sold at a time when the fund's investment program has been completed, the proceeds of that investment program have been realized, and there are minimal outstanding trailing liabilities under either sale agreements or identified liabilities.

Can *LiquidationGap®* Insurance be used to cover exposures to which the fund might become liable under specific indemnities that it has given on a scheduled basis?
Yes. In fact, scheduling the specific exposures that are covered under a *LiquidationGap®* policy is often a more cost and time-effective manner for the fund to purchase coverage.

The fund's manager/advisor purchases fund D&O/E&O coverage. Would the purchase of *LiquidationGap®* Insurance be duplicative?
Most fund manager D&O/E&O policies do not provide coverage for contractual exposures. Many of the trailing liabilities of the liquidating fund could relate to liabilities assumed under sale purchase exclusions. As such, these exposures may not be covered under fund D&O/E&O policies. In additional contractual exposures, a *LiquidationGap®* policy has the ability to cover identified or potential contingent exposures of the liquidating fund, which may or may not be covered under the fund manager D&O/E&O program.

There appear to be elements of D&O/E&O cover already provided for the fund's manager or advisor. Is *LiquidationGap®* Insurance intended to be primary or excess of this coverage?
LiquidationGap® coverage would be excess of any D&O and E&O coverage for the fund manager and advisors that is provided under the fund's general D&O/E&O program. Of course, if you are satisfied that the fund's D&O/E&O coverage requirements have been fully met, deleting the D&O/E&O coverages provided in the *LiquidationGap®* policy can be a more cost-effective solution for your client.

How long does it take to underwrite a *LiquidationGap®* policy?
Generally, we can provide preliminary terms within 24 to 48 hours. Completion of full underwriting is dependent upon how quickly detailed information is provided to Ambridge. Ambridge frequently can offer bindable terms within several days after receipt of the initial submission.

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