IDS and Glenrand MIB launch hedge fund manager liability policy

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Fund administrator Investment Data Services (IDS) has joined forces with insurance broker Glenrand MIB to provide affordable insurance cover to clients.

The two companies' newly launched Financial Markets Insurance Programme is a ground breaking insurance product in South Africa that allows hedge fund managers contracted to IDS the benefit of discounted premiums when purchasing two different products, the Fund Manager Policy and the Director & Officers Liability policy.

South Africa-based IDS, which administers over Rand 12bn in hedge fund assets, stated: 'Many smaller and individual fund managers do not carry professional indemnity and other associated investment insurance cover is something that due to the high cost. However, investors generally assume that there is adequate cover'.

Ian Hamilton, Chief Executive Officer, IDS, said that the cost of cover tends to be very high as insurers tend to have a "one policy fits all" when it comes to financial services.

He said: "When IDS took out cover we were asked to fill in a generic application form that was not applicable to a financial administration company. The same applied to our clients. There was no specific product to cater for the different risks. "

Hamilton said IDS entered into discussions with Insurance Brokers and EB consultants, Glenrand MIB to develop appropriate cover for managers. The discussions included their underwriters, and 'resulted in an insurance product for the IDS fund management clients that takes into account risk reduction through the outsourcing of administration and use of independent custodians for the separation of assets'.

Tamsin Piater of Glenrand MIB said: "Working closely with IDS we were able to adopt an integrated approach based upon risk management taking into account that IDS fund management clients reduce risk through the outsourcing of administration and use of independent custodians for the separation of assets'.

IDS stated that two companies have already taken up the offer of cheaper insurance cover.

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