

INSUREHEDGE

a division of Gaston & Associates, Inc. Providing Business Insurance since 1895.

INSURANCE FOR HEDGE FUNDS

Take control of your risk exposure.



Specialists with Industry Expertise

Today, businesses increasingly expect specialized expertise from their vendors, and know it can be risky to deal with a generalist and someone that doesn't intrinsically understand them. They want their insurance broker to speak the 'same language', particularly when it comes to the wide array of liability exposures they face. To properly mitigate these exposures, it requires a broker with specialized knowledge, markets and insurance products. This is especially so when clients require management liability (directors & officers, errors & omissions, fiduciary).

Many businesses also expect and require concierge level service, a high level of discretion and integrity, and open access to the wisdom and experience of principals. These are all characteristics of a boutique approach to doing business.

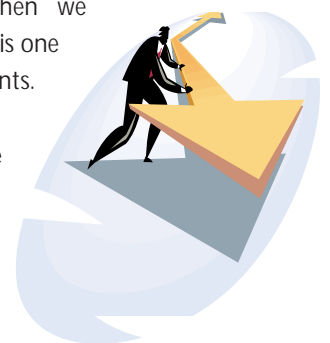
For these reasons Gaston & Associates, Inc. operates specialty practices along two areas of specialization: by industry and by product line. Each is supported by a unique brand, website and professional staff with the necessary resources.

InsureHedge is “the source” for specialized hedge fund insurance

Only a handful of brokers specialize in insuring hedge funds. We are one of the few that has over a decade of experience in providing a complete range of insurance solutions to your industry. This means we can jump right into a conversation about master-feeder structures, org chart implications, investment strategies and amount of leverage. You won't waste time explaining what a hedge fund is to us; instead we'll determine the individual characteristics that differentiate your firm and help you structure an appropriate insurance program.

Only a select number of insurance companies write insurance for hedge funds or offer the specialized products required. Leveraging our strong relationship with this limited marketplace when we represent your insurance submission is one of our greatest assets and selling points.

You only get one chance to have your account positioned correctly, so we think it is incumbent on you to select the most qualified broker for this task.



Gaston is Uniquely Positioned to Provide Specialized Expertise to Hedge Funds

As Hedge Funds become an increasingly popular investment choice and regulation seems inevitable, Hedge Fund Managers need to have a comprehensive risk management strategy. The Financial Services professionals at InsureHedge, a division of Gaston & Associates Inc, provide advice and service to Hedge Funds.

Increased Liability Exposures

In the midst of volatile market conditions, an increased focus on corporate governance, the potential for greater regulatory scrutiny, and a rise in institutional investment, Hedge Funds face a wide array of liability exposures for the fund, its general partners, and affiliated service providers.

Among other reasons, Hedge Funds can be sued for mismanagement, misrepresentation, breach of duty, and failure to provide adequate disclosures of the risks involved. These suits may be brought by customers, members, or employees of the fund and may be directed at the General Partner, Managing Member, Directors & Officers, Investment Manager, or the Hedge Fund itself.

While no Hedge Fund Manager likes to consider the possibility of a lawsuit, the fact is that Hedge Fund liability exposures exist and should be addressed through a comprehensive insurance program.



Specialized knowledge is one thing. Resources are another. With our specialty insurance practices, Gaston delivers them both, with focus, expertise and efficiency.



Management Liability Coverage for the Hedge Fund and Private Investment Fund Industry

Hedge funds and private investment funds may be the investment vehicles of choice for many discriminating investors, but with a reputation for volatility, they also can become easy scapegoats during global economic downturns. Sophisticated investors' expectations of superior performance, coupled with their insistence on scrupulous adherence to applicable standards of care, good faith, and fiduciary duty, create a wide array of

liability exposures for the funds, their general partners, and affiliated service providers. The reluctance of most insurers to offer coverage for hedge funds and other private investment funds leaves financial services professionals exposed to potentially enormous risks.

Our financial services industry experience allows us to offer insurance protection for hedge funds and private investment funds with a comprehensive portfolio of tailored coverages. Our unique ability to customize protection to meet specialized needs, provide superior service, and offer exceptional claims handling allows us to stand in the forefront of the insurance industry.



Individual Insureds:

means the following:

1. any past, present or future partner, officer, director or trustee
2. any past, present or future employees but solely while providing "Investment Advisory Services" or "Professional Services" on behalf of you
3. the heirs, executors, administrators, assigns and legal representatives of each of the above persons in the event of their death, incapacity or bankruptcy.

Wrongful Act:

means any actual or alleged act, error, omission, neglect, misstatement or misleading statement or breach of duty unintentionally committed by any "Insured" or by any person for whom the "Entity Insured" is legally liable.

Directors & Officers Liability

Covers suits alleging mismanagement of the company, in which directors and officers can be held personally liable. These suits can come from investors, employees, regulators, competitors and even the government.

Employment Practices Liability

Covers suits from employees or prospective employees alleging wrongful termination, failure to promote, harassment or discrimination.

Professional Liability

Covers suits alleging acts of negligence, errors or omissions in the performance of professional services to others for a fee; failure to perform professional services; or contingent liability for the failure of another party, for whom you are legally responsible, to perform professional services for a fee.

General Partner Liability

Covers corporate general partners or managing members to the funds structured as limited partnerships, in their professional or fiduciary capacities from alleged wrongful acts.

Investment Advisor Liability

Covers the investment advisory entity(s) and their individual insureds (see below) for wrongful acts related to rendering or failing to render Investment Advisory services.

Hedge Fund Liability

Covers the funds and their individual insureds for wrongful acts, but solely in the course of the management or operations of the "Funds".

Service Provider Liability

Covers scheduled service providers to the funds for wrongful acts, but solely in rendering or failing to render professional services in the course of their role as service providers.

Operational Failure Payment Coverage

Covers payments to avoid or reduce financial loss to a customer resulting from a wrongful act in rendering or failing to render investment advisory services.

The intention of this coverage is to operate to reduce or avoid in an expeditious and economic fashion monetary liability from a "Claim" which would have been made against the "Insureds", and that Coverage D does not afford any coverage to the extent that any sum paid by the "Insured" constitutes an ex gratia settlement or a commercial settlement to support the "Insureds'" reputation or business relationships.

Directors & Officers Liability (with Entity Coverage)

Covers D&O and EPLI claims against the investment advisor, hedge funds and service providers, and their respective executive individual insureds.



A Network of Resources and a Wide Range of Insurance Options

Our Business Insurance Practice has the resources to help companies of all sizes address their potential risks. Thanks in part to the internet, these risks, both known and unknown, can arise from conducting business in an increasingly global, connected world with fewer boundaries and ever changing legal and geographic lines.

So while businesses are having to respond at warp speed to their changing environment, they need a business insurance broker that can not only keep up, but anticipate and stay one step ahead of their risks and needs.

Gaston & Associates, Inc. has the professional resources to expertly assess and profile our customers risks and develop customized, yet cost-effective solutions. There is no one-way to structure business solutions. Our solutions arise from careful analysis of individual client needs and are kept fresh via rapid and frequent communications.

A wide range of insurance options to protect your business assets and liabilities

Insurance products available include:

- Boiler & Machinery Coverage
- Business Property Insurance
- Business Income & Extra Expense
- Business Interruption & Business Expense Insurance
- Business Owner's Policy
- Crime Insurance (Fidelity Insurance)
- Directors and Officers Liability Insurance
- E-Business Liability Insurance
- Employment Practices Liability
- Errors and Omissions (Professional Liability)
- Fiduciary Liability
- Fire Damage Legal Liability
- General Liability Insurance
- Group Employee Benefits
- Group Personal Excess Liability Insurance
- Hired and Non-Owned Automobile Liability Insurance
- Intellectual Property Insurance
- Key Person Life Insurance
- Marine Insurance
- Outside Directorship Coverage
- Personal & Advertising Injury Liability
- Umbrella Liability
- Workers Compensation Insurance

Life Insurance

Whether you need Term Insurance, Universal Life, Whole Life or Long Term Care coverage to protect your family or estate, we can provide you with a variety of appropriate alternatives tailored for your particular circumstances.


In choosing the type of life insurance policy you purchase, consideration must be given to the need which is being filled;

- Funding retirement needs
- Creation of an estate
- Payment of estate settlement costs (federal and state estate taxes, last illness and burial costs, probate fees, etc.)
- Business buy-out
- Key-person coverage

Group Benefits/Group Health Insurance

A Group Health Insurance Plan will protect your employees and their family. A good health plan can help retain good employees and aid in attracting prospective employees. Deciding which type of plan to offer as well as which company to use is no simple task.

Gaston & Associates' benefits professionals invite you to call us about health coverage that's affordable and fair.



Life insurance is a unique asset. Because of its potential high yield and its tax-favored benefits, it can be used to solve some of life's perplexing financial problems.

Frederick K. Gaston IV

President

Frederick K. Gaston IV, a 4th generation member of Gaston & Associates, Inc., has over two decades of property and casualty insurance experience. He graduated with a BA in Asian Studies from Cornell University and attained the Chartered Property Casualty Underwriter (CPCU) designation in 1993.



He is responsible for developing specialty niches on a national scale in the financial services and technology industries, as well as creating a professional liability practice in the firm which offers Directors & Officers and Errors & Omissions Liability to private and public companies.

Fred created the InsurePro™, InsureCast™, InsureNewMedia™ and InsureHedge™ brands and websites in response to the need for increased specialization by his clients, and continues to create other niches. A pioneer in insurance ecommerce and self-proclaimed technologist, Fred is also the creator of The Coverage Coach™, an innovative sales pre-qualification software engine which powers the firm's online new business platforms, and is being licensed for private label use. Coverage Coach permits its online users to exchange information through an intelligent interface, while returning highly personalized advice and recommendations.

Fred resides in Wilton, Connecticut with his wife and four daughters, where he is an active volunteer in youth coaching and on the board of various non-profit organizations.

Gaston & Associates, Inc.

Gaston & Associates, a national insurance broker with strong roots in the New York City area, grew out of a predecessor firm, Frederick K. Gaston, Inc., founded in 1895. From our beginning we have enjoyed a steady growth and have become recognized as an expanding agency by our insurance companies. We have earned our reputation for professionalism due to the special attention given to the needs and requirements of our clients.

Gaston & Associates is a professional organization dedicated to providing the best insurance products available to its clients at the most reasonable costs. We serve about four thousand clients nationally and throughout the world. We specialize in providing personal and commercial lines of property and casualty insurance, group health coverage, and individual life insurance. By providing outstanding, "boutique" service and assistance to our customers, we have established a base of customer referrals as a major source of business.

We enjoy long-standing and close ties with our carriers, including AIG, Ace, Axis, One Beacon, St. Paul Travelers, Chubb, Hartford, Zurich, and Lloyds of London, to name a few. We represent a large base of Financial Institution clients, and manage insurance programs for many not-for-profit corporations. We also manage a strong concentration of Technology based firms and pioneered the creation of many Internet related coverages.

Because of our strong relationships, combined with our status as an Independent Agent, we are in a position to negotiate premium and coverage in the interest of serving our clients to provide a wide range of product selection at the most competitive costs.

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