

# Helping fintech companies manage their financial and professional risks

From cyber threats to intellectual property theft, loss of reputation to fraud, the risks to fintech companies are as complex as they are varied.

Fintech companies are subject to some of the same consumer and investor protection regulations as traditional financial institutions, but must balance compliance requirements with the need to innovate, grow, and develop new products. Meanwhile, privacy risks and ever-growing cyber challenges can contribute to significant economic loss and reputational damage, straining fintech's day-to-day operations and threatening the assets of both companies and executives.

As the risks for fintech companies continue to evolve, those that are unable to adapt may face obstacles in their business models. Marsh can help you identify your most pressing challenges and determine the most effective strategy to mitigate and manage your risks.

## Risks to fintechs come from a variety of sources

### EXTERNAL

-  Investors
-  Customers
-  Regulators
-  Competitors
-  Extortionists

### INTERNAL

-  Employee theft
-  Computer Crime
-  Data breaches
-  Technology errors & omissions

## Fintech companies' top management liability risks

While technology can reduce the frequency of various risks, it can also exacerbate severity as fintechs rely more on technology and data to deliver products and services previously provided by traditional financial services firms. As they merge financial and technology opportunities, fintech companies also face new risks, including:



**IT security, privacy, and cyber risk**



**Regulatory and compliance risk**



**Consumer class-action professional services risk**



**Intellectual property risk**



**M&A risk**



**Risk of theft and fraud through electronic and non-electronic means**



**Employment practices liability, including allegations of third-party discrimination against customers or clients**

## Unique risk profiles require tailored risk management and insurance programs

More than other industries, individual fintechs differ extensively depending on their subsector, and require innovative solutions to address their unique risk profiles. For example, a payments platform and a neobank touch different types of customers, hold different amounts of personally identifiable information, and are subject to different regulatory oversight; these distinctions drive varying risk transfer decisions.

Thoroughly understanding the individual circumstances of each fintech company is crucial to the development of a suitable risk management and insurance program. An experienced risk advisor can help build a long-term and sustainable risk management program that includes risk mitigation and management actions that are supplemented by risk transfer solutions.

Further, a broker with a solid understanding of a fintech's unique risk profile can recommend appropriate insurance solutions and connect fintechs with the carriers most likely to provide comprehensive and stable coverage. An experienced broker can also help showcase risk management strategy during carrier meetings, which could help you secure the most suitable coverage.

## Why should fintechs purchase insurance?

Risk starts the minute a company is launched, irrespective of its size or its location. A single lawsuit or other unforeseen event can stall innovation and derail growth.

The right risk transfer solutions can help organizations protect against litigation and other risks. And purchasing insurance early in a company's financing cycle can help build strong, long-term relationships with insurers. Over time, that can help you secure properly structured and broader coverage, reduce costs, and help maximize claim recoveries.

Purchasing insurance can also:

- Enhance a company's credibility, showing prospective clients, customers, and investors that it takes security seriously.
- Help attract and retain directors and officers and employees.
- Satisfy contractual obligations.
- Protect the financial health of a company when faced with unforeseen issues.

Securing coverage early can help protect your company in the event of a future transaction (such as, an IPO, merger, or acquisition).

## Marsh's fintech differentiation

Fintech companies' needs differ extensively, requiring a tailored approach.

## Commitment to your needs

- **Dedicated fintech team.** Marsh's team of experienced financial and professional liability specialists understands the unique needs of fintech clients and can help effectively manage and transfer their risks.
- **Strong industry knowledge and expertise.** Our team's wide-ranging insurance and risk proficiency allows us to tailor solutions for fintech companies across various industry verticals. We currently serve over 100 fintech clients, including non-bank lenders, payment providers, insurtech companies, neo/digital banks, digital asset companies, and personal finance companies. That means we understand the unique needs of each industry. Our broad client base also gives us knowledge of the common pitfalls and exclusions that insurers routinely add to policies for fintech companies.
- **Coordinated global guidance and program management.** As companies expand services beyond national borders, we will collaborate with our teams overseas to guide you through the global patchwork of local insurance regulations and help customize your insurance strategy.

## Select the best products/services for your needs

- **Proprietary policy form designed for fintech clients.** Marsh has partnered with Hudson Insurance Group to create a broad, proprietary product with policy language that addresses the varied risks faced by fintech firms. Coverages include:
  - Directors and officers liability.
  - Financial institutions and technology errors and omissions liability.
  - Fiduciary liability coverage for fiduciaries of in-house benefit and welfare plans.
  - Employment practices liability.
  - Network security and privacy liability, also known as cyber insurance.
  - Fidelity/crime protection.
- **Services that keep pace with growth.** Our clients include startups, public companies, and those planning to go public either through SPAC mergers or traditional IPOs. Marsh is committed to growing with our clients and offering risk management solutions to your company through its different stages of growth.
- **Products and services to address cyber risk.** Cyber threats are substantially increasing and many insurers are taking corrective action on their portfolios. Our dedicated group of cyber brokers can offer valuable resources to help companies understand, measure, and manage cyber risks. We deploy cutting-edge risk analytics and models to help clients project potential losses from cyber events.

- **Peer benchmarking for fintech companies.** Our expansive client base allows us to provide customized benchmarking as part of the overall risk management discussion to help fintech clients evaluate product pricing and determine limit adequacy.
- **Digital brokerage platform.** [Bluestream™](#), Marsh's cloud-based digital broker platform, enables organizations to expand their value propositions and grow their bottom lines through the distribution of insurance products to their customers and vendors.

## Assistance through the claims process and beyond

- **Dedicated claims advocates.** As fintech companies continue to innovate, risks that could lead to claims also increase. Our dedicated claims advocates help our clients navigate these claims, limit disruption to their business, and achieve the best possible outcome.

For more information, visit [marsh.com](https://marsh.com), contact your Marsh representative, or:



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