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What a Regulatory Investigation Actually Involves

Most fintech firms don't know which insurance covers defence costs when regulators investigate.

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Investigation Notice Triggers Cover

For fintech payment licensees, investigation notice from HKMA or MAS triggers defence cost advancement.

- **Coverage begins immediately, not after fines are imposed**
- **The investigation is the loss.**
- **Defence costs are paid in advance under most regulatory liability wordings**

Investigation notice from HKMA or MAS triggers defence cost advancement

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Defence Costs Paid in Advance

For fintech firms, external counsel and compliance expert costs accumulate fast during regulatory investigations.

Compliance and forensic investigation costs advanced immediately

Defence costs are immediate. Fines come later.

No requirement to establish fault before costs are paid

External counsel fees covered from day one of investigation

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Fines and Penalties Typically Excluded

Here's the gap most fintech firms miss: policies advance defence costs but exclude regulatory penalties.

AML penalties, conduct fines, and capital breaches typically uninsured

Understanding this exclusion upfront determines your actual exposure

Defence costs are covered. Fines typically aren't.

Fines and penalties imposed by regulators are typically excluded entirely

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Standard PI Doesn't Cover Regulatory Matters

Professional Indemnity is designed for fintech operational errors, not regulatory investigations.

- PI typically responds to third-party claims, not government action
- Standard PI doesn't cover what regulators investigate.
- Dedicated regulatory liability coverage is required for adequate protection

Standard PI excludes or heavily sub-limits regulatory investigations

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Notification Timing Is Strict

For fintech payment licensees, notification deadlines are strict—30-90 days or coverage voids retroactively.

- Late notification voids coverage even if the loss is legitimate
- Calendar management between legal and insurance teams is critical
- Discovery means when you first became aware of the investigation trigger

Late notice. Void coverage.

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Know Your Coverage Before the Investigation

Understand your D&O, PI, and Crime coverage and where the gaps are during a regulatory investigation..

Contact Continuum to review how your coverage aligns with regulatory investigation risk.

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