

The logo for BusinessGuard, featuring the word "Business" in white serif font on a dark blue background and "Guard" in white serif font on a red background.

BusinessGuard[®]

***BUSINESSGUARD – MANAGEMENT
LIABILITY INSURANCE FOR PRIVATE
COMPANIES***

The logo for CHARTIS, consisting of the word "CHARTIS" in a bold, blue, sans-serif font, followed by a circular icon with three curved arrows pointing clockwise.

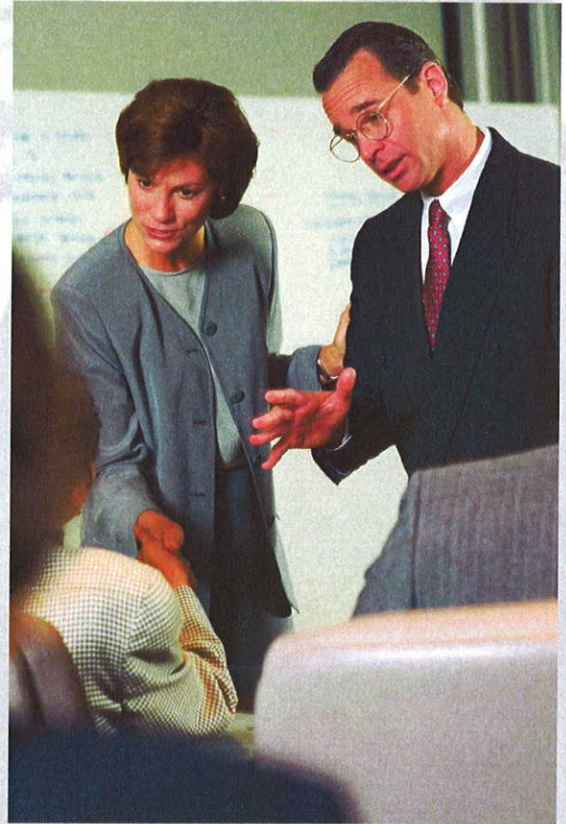
CHARTIS

IT'S NOT JUST YOU; IT'S YOUR FAMILY AS WELL...

D&O insurance covers directors against "wrongful acts" which means things they might be sued for because they are directors. Directors have got heavy duties and responsibilities, and if someone thinks they've failed to live up to them, then they can take legal action. D&O covers defence costs, settlements and damages and provides the skill and expertise of a mighty organisation (us) that's a world leader in defending directors. The possibilities for actions are wide and varied like business life itself. So directors might get sued by:

- shareholders, who think they've mismanaged company affairs,
- or by investors who think they've misled them,
- or by the liquidator for trading while insolvent.

When things are going well, directors may not worry about such things. But as D&O liability experts we see things from a different perspective.



10 REASONS TO BUY DIRECTORS AND OFFICERS LIABILITY INSURANCE

1. Personal Liability

Directors' personal assets, their houses, savings and pension funds, are at risk, whether they have acted deliberately, negligently or innocently. Mistakes can be very costly. D&O Insurance is not designed to cover dishonest or fraudulent acts, but there are plenty of examples of directors found personally liable when they haven't been dishonest, deliberate or fraudulent - just failing to take sufficient care - in which case awards and defence costs would be covered.

2. Investigations

It's very easy to complain about a company. The financial risks of investigations are considerable – we pay out more for investigations in the Europe than anything else under D&O cover.

3. Criminal Liability

Directors could go to prison, for their actions, inaction or ignorance. The very best defence can be invaluable, but very costly. D&O Insurance cannot cover the criminal penalties - that is against public policy - but it can cover the costs of defending a claim up until the point guilt is established.

4. Reputation risk

Lawsuits and investigations not only are time consuming and detrimental to the business. It can also bring reputation damage. BusinessGuard D&O is designed to pay for the necessary expenses of using public relation professionals as and when they are incurred.

5. Defence specialists

Chartis understand the legal processes, and have one of the most experienced and tenacious claims team in the world. It's good to have the strongest and toughest in your corner when facing such a crisis.

6. Family Companies

Family run businesses, which make up a large proportion of Central-European businesses, carry with them exposures for the individuals concerned. Family companies can be a hotbed of dispute – internally and externally.

7. Unfounded, Mischievous and Scurrilous Allegations

Directors can face allegations, unfounded or otherwise, which they will be forced to defend, and even unfounded allegations can be extremely expensive, time-consuming and stressful. The very presence of D&O can be a huge relief at such times.

8. Past Present and Future

Actions can (and do) follow directors from job to job. Actions cost money and can be very stressful on both the director and his family. Retirement offers no escape, nor does death as directors' estates can be

pursued. D&O covers past directors and the estate. Even when the policy is no longer in force, our D&O insurance covers directors for a run off period following retirement, as long as their D&O insurance was in place at the time of the alleged incident.

9. Inadequate Cover? Legal Expenses Versus D&O Insurance

Legal Expenses policy limits are much lower (e.g. €50,000, €75,000, €100,000) which is inadequate for larger protracted actions. Legal Expenses insurance only responds when an insured has reasonable prospects of success. It's precisely because directors' might well lose an action that D&O insurance is so essential (to fund defence costs or settlements). Faced with a career and lifestyle-changing crisis they will not want to rely on legal expenses policy that will only cover them if they are likely to win.

10. The growth factor

Fast growing and energetic businesses that are yet to establish a risk management infrastructure (in house legal, risk managers or compliance managers) and with few formal control processes, sooner or later, some businesses are going to make expensive and very time-consuming mistakes.



YOUR INSURANCE PROTECTION...

As most of standard D&O policies, BusinessGuard policy pays damages you are legally liable to pay and all defence costs associated with defending claim made against you by:

- company;
- shareholders;
- employees;
- regulatory agencies;
- bankruptcy trustees;
- business partners;
- outside advisors or consultants;
- other third parties

BusinessGuard, however, provides a lot of cover beyond standard D&O and here are some particular areas we'd like to highlight:

INVESTIGATION COSTS...

Investigations can have very serious implications. They're usually confidential, so many people aren't aware of them. We pay D&O claims and we pay out more for investigations than we do for any other aspect of D&O cover. Investigations can be official and can run for many months – sometimes even longer. Depending what the investigators find a prosecution may follow. One important thing to know about dealing with official investigators is that they are working on a public policy crusade so negotiating a settlement may be out of the question, and so expert advice and preparation and representation is absolutely essential. Professional association or trade body investigations can also be extremely time consuming formal affairs, with legal representation on both sides. An adverse finding can be followed by expulsion from a professional association and the effective end of a career, which is another reason why expert advice and preparation (which BusinessGuard pays for) is absolutely essential.

INSURED VERSUS INSURED COVER...

Most D&O policies have an exclusion (a so-called "1v1" exclusion) restricting cover if an insured sues another insured (eg. one director suing a fellow director). This can be particularly important in family businesses where there's potential for conflict in areas like succession issues, sibling rivalry or stakeholders wanting to sell-up and exit the business. BusinessGuard has no such

exclusion, which means we'll defend BusinessGuard insureds no matter who takes action against them.

RETIRED DIRECTORS...

Another thing about directors' liabilities is that they can have quite a long gestation period. For instance when a company goes insolvent, investigators usually look at the actions of all board directors for the 3 years prior to the insolvency. The danger for directors who have retired in the meantime is that if the company doesn't renew its D&O policy, then retired directors are exposed. This is why BusinessGuard provides a discovery period for retired directors so they're covered for 6 years after the policy has expired.

DEFENCE COSTS FOR PROPERTY DAMAGE AND BODILI INJURY CLAIMS...

Some issues present immediate and growing concern to directors and businesses. BusinessGuard uses "affirmative language" to explicitly cover some of the most prominent contemporary threats. We know how concerned many directors and businesses are about Corporate Manslaughter and the possibility of "corporate killing." We want to be as up front as we can about the protection we provide in this area and BusinessGuard specifically covers the defence costs for individual directors and the company itself for any claim for death, injury, illness or disease...

DEFENCE COSTS FOR POLLUTION ACTIONS...

Businesses are also becoming more sensitive to the financial and reputational pitfalls of environmental damage. To reassure directors BusinessGuard specifically covers directors and the company against the costs of defending any pollution related action.

IT'S NOT JUST YOU; IT'S YOUR FAMILY AS WELL...

Actions against directors can be intense and acrimonious. Even if an insured dies or goes bankrupt, an action can still be continued against their family or estate. This is why BusinessGuard covers our insureds' heirs, estates, legal representatives, spouses and domestic partners as well, in case they get drawn into an action too.

OUR CLAIMS EXPERTISE...

As a member company of one of the world's leading D&O insurance providers, our claims teams have years of experience, we've defended thousands of directors, we know what steps to take and the legal processes involved. When directors are facing the prospect of a pretty bleak future, it's a big relief to know they've got the biggest and the best fighting for them – because they're certainly going to need it.

The policy cover we provide is wide, generating a breadth and variety of claims against individuals. Some actions are highly specialist and complex (like official investigations or prosecutions) and we know from experience how valuable our policyholders have found the specialist defence teams we are able to recommend. At the other end of the scale we see a lot of employment practice claims like wrongful dismissal, harassment or discrimination. We know how expert early advice and preparation can minimise (or even completely head off) the disruption an employment tribunal.

HOW TO OBTAIN DIRECTORS AND OFFICERS INSURANCE COVER...

To provide a full quotation we will require a completed proposal form. However, we can provide a good indication of premium and terms just by having the latest Report and Accounts. All information will be kept confidential. You can contact us either directly or through your insurance broker.

HOW CAN YOU GET MORE INFORMATION ON THIS TOPIC...

For further information contact your broker or contact **CHARTIS**

