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## DIRECTORS & OFFICERS LIABILITY INSURANCE

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### WHAT D&O INSURANCE DOES:

- Protects the personal assets of a company's directors and officers from potential unlimited liability;
- Protects the company's assets;
- Provides reimbursement to the organization to indemnify directors and officers for their losses; and
- Helps the company monitor and provide defense costs associated with responding to lawsuits and investigations.

### WHY PRIVATE COMPANIES AND NOT-FOR-PROFIT ORGANIZATIONS SHOULD CONSIDER BUYING D&O LIABILITY COVERAGE:

- The cost of defending corporate lawsuits may exceed the net worth of most private companies;
- Judgments and settlements can be financially crippling;
- Corporate indemnification may not be available;
- Adverse shareholders and other potential claimants may exist;
- Bad business decisions are likely to be more visible due to small business environment thus attracting the attention of shareholders, regulators and other third parties;
- Business decisions made by directors and officers can quickly impact the finances and operations of a company;
- Directors and Officers work in demanding environments as they cover more corporate duties;
- Unique conflicts of interest may exist due to complexity of responsibilities; and
- Companies will have a difficult time attracting qualified individuals to their Boards without D&O or EPL coverage.

### SOURCES OF D&O AND EPLI CLAIMS:

- From Shareholders, Investors, Partners and Members
- Mergers / Acquisitions - Conflict of interest
- Financial performance - Bankruptcy
- Executive compensation
- Inadequate / Inaccurate disclosure
- Stock or other offerings - Financial reporting
- Customers, Clients and Consumer groups
- Extension, refusal of credit - Restraint of trade
- Debt collection - Dishonesty
- Deceptive trade practices
- Cost, quality of product or service
- Contract dispute - Lender liability
- Other Third Party Claims against Directors and Officers (including competitors)
- Anti-trust
- Prospective company acquisition
- Copyright / patent infringement
- Company defamation
- Business interference - Tax issues
- Competitor disputes
- Regulatory / other government issues
- Employees, contractors and co-workers for employment practice disputes

**PRODUCTS OFFERED BY SUM:**

**Not-for-Profit D&O** including entity liability cover and employment practices liability. Cover available as one aggregate, or separate limits for D&O and EPLI sections respectively.

Offers cover for charities and charitable organisations, Educational Organisations, Environmental Associations, Governmental Organisations and Agencies, Public Art Organisations, Sports & Leisure Organisations, Strata Plans and Residential Associations, and Trade Associations.

Not covered under Not-for-Profit product: Trade Unions, Medical or Healthcare providers (although we will cover those providing health or medical-related advice).

**Management Liability** with a modular set of covers including: D&O, Corporate Liability, Employment Practices Liability, Pension Fund/Employee Benefits Fund Trustee Liability, and Employee Fidelity/Crime. Cover available as one aggregate limit or separate limits for D&O and EPLI sections respectively. Fidelity cover is offered as a sublimit of the D&O sections.

Sectors covered include Agriculture and Fishing, Biotechnology, Chemical & Pharmaceutical, Manufacturing, Media, Medical/Healthcare, Mining, Oil & Gas, Professional Services, Retail, Software Development, Internet, Telecomms, Transportation, Utilities, Travel & Leisure.

Sectors not covered: Tobacco, Arms/Weapons/Munitions and related industries.

**Coverage Highlights – Not for Profit D & O**

This is a summary of the principal coverage, coverage extensions, exclusions and conditions of the SUM **Not For Profit V 1.0** policy wording. This is a summary only and not exhaustive.

In order to understand in full what is and what is not covered by the SUM Not For Profit V 1.0 policy wording, a copy of the wording should be reviewed.

Certain terms in the SUM Not For Profit V 1.0 policy wording are defined terms used to articulate and make clear the extent of coverage. These defined terms and are not used in this coverage summary.

Certain coverage extensions in the SUM Not For Profit V 1.0 policy wording are subject to a sub-limit. These sub-limit amounts are not used in this coverage summary.

**SECTION 1 - INSURING SECTIONS**

These sections form the key coverage elements of the policy

<p><b>Section 1.1 and Section 1.2</b></p>	<p>Directors and Officers Liability Insurance (“D&amp;O”)</p>	<p>Provides cover to all directors, officers and employees (“insured persons”) of an organization (“the organization”) for claims made against them during the period of the policy for allegations of wrongdoing by them in their capacity as insured persons and where the organization is not able to indemnify them.</p> <p>Provides coverage to the organization where and solely to the extent that the organization is able to indemnify any insured persons for claims made against them during the period of the policy for allegations of wrongdoing by them in their capacity as insured persons.</p>
<p><b>Section 1.3</b></p>	<p>Organization Cover</p>	<p>Provides cover to the organization for claims made against it during the period of the policy for allegations of wrongdoing by it in the course of its activities.</p>
<p><b>Section 1.4</b></p>	<p>Organization Employment Practices Liability</p>	<p>Provides coverage to the organization where the organization itself is alleged to have committed wrongdoing in its capacity specifically involving an employment practices dispute.</p>

## SECTION 2 - COVER EXTENSIONS

These are extensions to the key coverage elements of the policy

<b>Section 2.1</b>	Automatic Acquisition or Creation of Subsidiaries	Provides cover to all directors, officers and employees (“insured persons”) of an organization (“the organization”) for claims made against them during the period of the policy for allegations of wrongdoing by them in their capacity as insured persons and where the organization is not able to indemnify them.  Provides coverage to the organization where and solely to the extent that the organization is able to indemnify any insured persons for claims made against them during the period of the policy for allegations of wrongdoing by them in their capacity as insured persons.
<b>Section 2.2</b>	Extended Reporting Period (Extension to all Sections)	Provides for an extension to the period of the policy for an agreed premium to provide coverage for claims arising out of wrongdoing committed prior to the expiry date of the policy.
<b>Section 2.3</b>	Additional Limit of Liability for Main Board Directors (Extension to D&O)	Provides an additional amount of insurance specifically for main board directors.
<b>Section 2.4</b>	Assets and Liberty Costs (Extension to D&O)	Provides coverage for “offensive” legal costs incurred by insured persons in attempting to unfreeze their assets or lift restrictions on their ability to operate as insured persons.
<b>Section 2.5</b>	Corporate Manslaughter (Extension to D&O)	Provides coverage to insured persons for their role in a corporate manslaughter.
<b>Section 2.6</b>	Emergency Costs (Extension to D&O)	Provides coverage for defence costs urgently incurred by insured persons without the prior specific approval of the Insurer.
<b>Section 2.7</b>	Employment Practices (Extension to D&O)	Provides coverage to insured persons for employment practices claims.
<b>Section 2.8</b>	Investigations (Extension to D&O)	Provides coverage to insured persons where they require legal representation in relation to an investigation into the affairs of the organization.
<b>Section 2.9</b>	Legal and Public Relations Advice (Extension to D&O)	Provides coverage to insured persons where, in order to mitigate or prevent a claim being brought against them, they require the services of a legal firm or a public relations firm.
<b>Section 2.10</b>	Outside Directorship Liability (Extension to D&O)	Provides coverage to insured persons acting as insured persons of other companies where they are requested to do so by the organization.
<b>Section 2.11</b>	Retired Directors (Extension to D&O)	Provides for an extension to the period of the policy to provide coverage to certain retired insured persons for claims arising out of wrongdoing committed prior to the expiry date of the policy where there is no ongoing coverage at all for said retired insured persons.
<b>Other</b>	<b>Other coverage extensions</b> (in the form of exceptions to certain exclusions) may be found at the <b>Bodily Injury and Property Damage</b> Exclusion (which does not apply to corporate manslaughter claims or health and safety investigations) and the Pollution Exclusion (which does not apply to defence costs incurred by insured persons arising out of pollution claims).	

**SECTION 3 – DEFINITIONS**

These defined terms are used to articulate and make clear the extent of available coverage; the principle ones are:

<b>Section 3.1</b>	Claim	Which is a demand or notice of a civil or criminal proceeding against the organization or insured persons for alleged wrongdoing on their part (including extradition proceedings against an insured person).
<b>Section 3.3</b>	Costs	Which is legal costs incurred by the organization or insured persons in defending themselves against a claim.
<b>Section 2.3</b>	Insured Persons	Which is all past, present and future directors, officers and employees of the organization.
<b>Section 3.9</b>	Loss	Which is legal costs, damages, awards and the like incurred by the organization or insured persons due to a claim against them.
<b>Section 3.14</b>	Organization / Subsidiary	Provides coverage to insured persons for their role in a corporate manslaughter.
<b>Section 3.16</b>	Wrongful Act	Which is the organization and all its subsidiaries.
<b>Section 3.25</b>	Employment Practices (Extension to D&O)	Which is any wrongdoing committed by the organization or insured persons in their capacity as insured persons of the organization.

**SECTION 4 - EXCLUSIONS**

These exclusions exclude and limit coverage for certain situations as follows:

<b>Section 4.1</b>	Bodily Injury and Property Damage	Which excludes claims for bodily injury, death or the like and property damage with certain exceptions.
<b>Section 4.2</b>	Conduct	Which excludes claims for (proven) illegal, fraudulent or dishonest acts.
<b>Section 4.3</b>	Contract	Which excludes claims for liability under contract with certain exceptions.
<b>Section 4.4</b>	Nuclear	Which excludes claims arising from nuclear hazards.
<b>Section 4.5</b>	Pollution	Which excludes claims arising from pollution with certain exceptions.
<b>Section 4.6</b>	Prior Policy	Which excludes claims that have been reported to the insurers of any policy preceding this one.
<b>Section 4.7</b>	Prior or Pending Proceedings	Which excludes claims that arise out of existing legal proceedings or claims.
<b>Section 4.8</b>	Professional Services	Which excludes claims for professional negligence brought by third parties where the organization provides professional services for a fee.
<b>Section 4.9</b>	Trustee or Fiduciary Liability	Which excludes claims for wrongdoing in relation to the organization's pension fund.
<b>Section 4.10</b>	War and Terrorism	Which excludes claims arising from war and terrorism.
<b>Section 4.11</b>	USA	Which excludes claims brought in the USA.

## SECTION 5 - LIMIT OF LIABILITY AND RETENTION

This section describes how the amount of insurance applies (this is an aggregate and overall amount for all loss covered by the policy in respect of all claims made under the policy during the period of the policy in respect of all insuring sections combined) and how the retention applies (it applies to each and every claim, although more than one claim arising from one identifiable and common wrongdoing will be subject to one retention).

## SECTION 6 - CLAIMS REPORTING

This section describes how to report a claim or a situation that could result in a claim.

## SECTION 7 - DEFENCE, SETTLEMENT AND ALLOCATION

This section describes how a claim will be handled by the Insurer and how the parties to the policy will conduct themselves in the adjustment of a claim, the elements of which are:

**7.1** it is the duty of the Insured to defend claims, although the Insurer may associate fully in the defence **7.2** the Insured shall not admit liability and the Insurer shall only pay defence costs and loss that have been agreed by the Insurer **7.3** the Insured will co-operate fully with the Insurer in the adjustment of a claim **7.4** any amounts paid by the Insurer in respect of claim which turns out not to be covered will be repaid to the Insurer **7.5** where a part of a claim is covered and part of a claim is not covered, the Insured and Insurer will agree what part of the claim is covered by the policy.

## SECTION 8 - GENERAL CONDITIONS

This section contains general conditions to the policy such as how the Insurer will act in the event of misrepresentation by the Insured, how the policy may be cancelled and subrogation.

## SECTION 9 - CHANGES IN RISK

This section describes what happens if the organization or one of its subsidiaries is acquired by another company or person(s): in this case the policy applies only to claims arising out of wrongdoing committed prior to the date on which the organization or one of its subsidiaries is acquired by another company or person(s).

## Coverage Highlights – Management Liability

This is a summary of the principal coverage, coverage extensions, exclusions and conditions of the **SUM ML V 1.0 policy** wording. This is a summary only and not exhaustive.

In order to understand in full what is and what is not covered by the SUM ML V 1.0 policy wording, a copy of the wording should be reviewed.

Certain terms in the SUM ML V 1.0 policy wording are defined terms used to articulate and make clear the extent of coverage. These defined terms are not used in this coverage summary.

Certain coverage extensions in the SUM ML V 1.0 policy wording are subject to a sub-limit. These sub-limit amounts are not used in this coverage summary.

**SECTION 1 - INSURING SECTIONS**

These defined terms are used to articulate and make clear the extent of available coverage; the principle ones are:

<b>Section 1.1</b>	"Directors and Officers Liability Insurance"	Provides cover to all directors and/or officers of a company ("the company") for claims made against them during the period of the policy for allegations of wrongdoing by them in their capacity as directors and/or officers of the company and where the company is not able to indemnify them.
<b>Section 1.2</b>	"Company Reimbursement Insurance"	Provides coverage to the company where and solely to the extent that the company is able to indemnify any of its directors and/or officers for claims made against them during the period of the policy for allegations of wrongdoing by them in their capacity as directors and/or officers of the company.
<b>Section 1.3</b>	"Corporate Liability"	Provides coverage to the company where the company itself is alleged to have committed wrongdoing in its corporate capacity.
<b>Section 1.4</b>	"Company Employment Practices Liability"	Provides coverage to the company where the company itself is alleged to have committed wrongdoing in its corporate capacity specifically involving an employment practices dispute.
<b>Section 1.5</b>	"Pension Trustee Liability"	Provides cover to all pension trustees of an Employer Company's Pension Funds and all directors and/or officers and/or employees of an Employer Company or Corporate Trustee ("Insured Persons") for claims alleging wrongdoing by Insured Persons in relation to an Employer Company's Pension Funds and where the Employer Company, Pension Funds or Corporate Trustee are not able to indemnify the Insured Persons.  Also provides coverage to the Employer Company, its Pension Funds or Corporate Trustee where and solely to the extent that the Employer Company, its pensions funds or Corporate Trustee are able to indemnify any Insured Persons in respect of claims described above.
<b>Section 1.6</b>	"Employee Fidelity"	Provides coverage to the company in the event it suffers a direct financial loss as a result of dishonest or fraudulent acts committed by any employee(s).

**SECTION 2 - COVER EXTENSIONS**

These are extensions to the key coverage elements of the policy.

<b>Section 2.1</b>	Automatic Acquisition or Creation of Subsidiaries	Provides coverage to new subsidiaries (and their directors and officers) of certain new subsidiary companies created or acquired after policy inception date.
<b>Section 2.2</b>	Automatic Creation or Acquisition of Pension Funds	Provides coverage to certain new Pension Funds (and their Insured Persons) created or acquired after policy inception date.
<b>Section 2.3</b>	Extended Reporting Period	Provides for an extension to the period of the policy for an agreed premium to provide coverage for claims arising out of wrongdoing committed prior to the expiry date of the policy.

<b>Section 2.4</b>	Additional Limit of Liability for Non-Executive Directors	Provides an additional amount of insurance specifically for non-executive directors.
<b>Section 2.5</b>	Outside Directorship Liability	Provides coverage to directors and/or officers acting as directors and/or officers of other companies where they are requested to do so by the company.
<b>Section 2.6</b>	Assets and Liberty Costs	Provides coverage for “offensive” legal costs incurred by directors and/or officers in attempting to unfreeze their assets or lift restrictions on their ability to operate as directors and/or officers.
<b>Section 2.7</b>	Bribery	Provides coverage where insurable by law.
<b>Section 2.8</b>	Corporate Manslaughter	Provides coverage to directors and/or officers for their role in a corporate manslaughter.
<b>Section 2.9</b>	Emergency Costs	Provides coverage for defence costs urgently incurred by directors and/or officers without the prior specific approval of the Insurer.
<b>Section 2.10</b>	Investigations	Provides coverage to directors and/or officers where they require legal representation in relation to an investigation into the affairs of the company.
<b>Section 2.11</b>	Legal and Public Relations Advice	Provides coverage to directors and/or officers where, in order to mitigate or prevent a claim being brought against them, they require the services of a legal firm or a public relations firm.
<b>Section 2.12</b>	Retired Insured Persons	Provides for an extension to the period of the policy to provide coverage to certain retired directors and/or officers for claims arising out of wrongdoing committed prior to the expiry date of the policy where there is no ongoing coverage at all for said retired directors and/or officers.
<b>Section 2.13</b>	Exoneration	Provides cover to a Pension Fund where it meets the liability of a trustee or Corporate Trustee under an exoneration clause and where the liability would have otherwise attached to the trustee or Corporate Trustee in the absence of an exoneration clause.
<b>Other</b>	<b>Other coverage extensions</b> (in the form of exceptions to certain exclusions) may be found at the <b>Bodily Injury and Property Damage</b> Exclusion (which does not apply to corporate manslaughter claims or health and safety investigations) and the <b>Pollution</b> Exclusion (which does not apply defence costs or shareholder claims arising out of pollution).	

### SECTION 3 – DEFINITIONS

These defined terms are used to articulate and make clear the extent of available coverage; the principle ones are:

<b>Section 3.3</b>	Claim	Which is a demand or notice of a civil or criminal proceeding (including extradition proceedings) against a director and/or officer for alleged wrongdoing on their part.
<b>Section 3.4</b>	Company / Subsidiary	Which is the company and all its subsidiaries whose directors and/or officers and insured persons are covered.

<b>Section 3.8</b>	Costs	Which is legal costs incurred by the directors and/or officers in defending themselves against a claim.
<b>Section 3.10</b>	Director or Officer	Which is all past, present and future directors and officers of the company.
<b>Section 3.13</b>	Employment Practices Wrongful Act	Which is any employment practices wrongdoing committed by the Insured.
<b>Section 3.16</b>	Insured	Which means Insured Persons and the Company Insured.
<b>Section 3.17</b>	Insured Person	Which is all past, present and future directors and/or officers and/or employees of the Company, and pension trustees of the Pension Funds”.
<b>Section 3.23</b>	Loss	Which is legal costs, damages, awards and the like incurred by the directors and/or officers due to a claim against them.
<b>Section 3.25</b>	Wrongful Act	Which is any wrongdoing committed by the directors and/or officers in their capacity as directors and/or officers of the company.

#### SECTION 4 - EXCLUSIONS

These exclusions exclude and limit coverage for certain situations as follows:

<b>Section 4.1</b>	Bodily Injury and Property Damage	Which excludes claims for bodily injury, death or the like and property damage with certain exceptions.
<b>Section 4.2</b>	Conduct	Which excludes claims for (proven) illegal, fraudulent or dishonest acts.
<b>Section 4.3</b>	Insured versus Insured (USA)	Which excludes claims brought in the USA by the company and/or directors and/or officers against other directors and/or officers with certain exceptions.
<b>Section 4.4</b>	Nuclear	Which excludes claims arising from nuclear hazards.
<b>Section 4.5</b>	Pollution	Which excludes claims arising from pollution with certain exceptions.
<b>Section 4.6</b>	Prior Policy	Which excludes claims that have been reported to the insurers of any policy preceding this one.
<b>Section 4.7</b>	Prior or Pending Proceedings	Which excludes claims that arise out of existing legal proceedings or claims.
<b>Section 4.8</b>	Professional Services	Which excludes claims for professional negligence brought by third parties (as opposed to negligence committed by the directors and/or officers committed in their capacity as such).
<b>Section 4.9</b>	Trustee or Fiduciary Liability	Which excludes claims for wrongdoing in relation to the company's pension fund.
<b>Section 4.10</b>	War and Terrorism	Which excludes claims arising from war and terrorism.



## SECTION 5 - LIMIT OF LIABILITY AND RETENTION

This section describes how the amount of insurance applies (this is an aggregate and overall amount for all loss covered by the policy in respect of all claims made under the policy during the period of the policy) and how the retention applies (it applies to each and every claim, although more than one claim arising from one identifiable and common wrongdoing will be subject to one retention).

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This section describes how to report a claim or a situation that could result in a claim.

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This section describes how a claim will be handled by the Insurer and how the parties to the policy will conduct themselves in the adjustment of a claim, the elements of which are:

**7.1** it is the duty of the Insured to defend claims, although the Insurer may associate fully in the defence **7.2** the Insured shall not admit liability and the Insurer shall only pay defence costs and loss that have been agreed by the Insurer **7.3** the Insured will co-operate fully with the Insurer in the

adjustment of a claim **7.4** any amounts paid by the Insurer in respect of claim which turns out not to be covered will be repaid to the Insurer **7.5** where a part of a claim is covered and part of a claim is not covered, the Insured and Insurer will agree what part of the claim is covered by the policy.

## SECTION 8 - GENERAL CONDITIONS

This section contains general conditions to the policy such as how the Insurer will act in the event of misrepresentation by the Insured, how the policy may be cancelled and subrogation.

## SECTION 9 - CHANGES IN RISK

This section describes what happens if the company or one of its subsidiaries is acquired by another company or person(s): in this case the policy applies only to claims arising out of wrongdoing by the directors and/or officers committed prior to the date on which the company or one of its subsidiaries is acquired by another company or person(s).

## Market Security

### DIRECTORS AND OFFICERS LIABILITY

INSURER	INTEREST	RATING
Lloyd's Underwriters	100%	A (by AM Best)

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