



Product Profile

CorporateGuard D&O Lifetime RunOff

A change of control in a company (eg via an acquisition) can expose directors to new risks such as claims for misrepresentation. It may also expose directors personally as the company which they previously acted for may no longer exist to indemnify directors for claims made against them. Traditional D&O policies are simply not designed for companies (or directors) in this situation; however CorporateGuard D&O Lifetime RunOff includes cover features that are not included in standard D&O offering, once a company is subject to a change of control.

Features of D&O Lifetime Runoff

- Unlimited policy duration
- 50% Defence costs in addition
- No retention
- Post transaction cover for continuing wrongful acts
- Separate Limit of liability
- Affirmative cover for claims brought by successor companies including any representations and statements made in connection with the transaction
- Individual claims reporting
- Difference In Conditions cover where companies have moved from an alternative carrier
- Option to elect Duty to Defend for all claims
- Claims brought by successor companies

Cover and Extensions

- Defence costs, damages and settlements for “wrongful acts”
- Fees and expenses for legal and/or public relation costs for defending extradition proceedings
- Employment practice liability cover (including emotional distress) for individuals
- Full limit defence costs for pollution claims for non-indemnifiable loss
- Full limit for shareholder pollution claims
- Legal fees and expenses up to the full policy limit for director attendance at any investigation into the affairs of the company
- Outside directorship cover, with extensive cover for claims against insured by an outside entity
- Full severability of proposal form

- Full Insured Vs Insured cover outside the US
- £1M limit per non-executive director (over and above standard policy limit and indemnification provisions)
- Emergency pre-approved defence costs (up to 10% of limit)

Target Market

All UK and International businesses who are undergoing a change of control

Insured

Includes all past and present directors, officers and employees acting in management or supervisory capacity, shadow directors, outside entity directors, spouses, administrators and executors of insured's estates, as at the transaction date

Policy Form and Indemnity Limit

Full retroactive cover on a claims made basis for claims arising from wrongful acts, occurring prior to a “transaction”. Capacity of up to \$50M

Key Exclusions

- Fraud
- US Insured vs Insured
- Prior and Pending Litigation
- For bodily injury and property damage

CorporateGuard D&O Lifetime RunOff is one of a range of management liability products from AIG. Scope and terms are subject to the terms and conditions of the policy. A specimen policy is available on request.

Product Profile

CorporateGuard D&O Lifetime RunOff

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Broker Facts

Unlimited policy duration

In many jurisdictions, claims may be brought well after the 6-year policy period traditionally offered for D&O run-off. D&O Lifetime RunOff offers an unending policy period for run-off, ensuring cover is in place whenever it may be needed

50% Defence costs in addition

Helps remove a key concern in run-off situations, where in the absence of company indemnification the loss of one director can entirely exhaust the available limit of liability, leaving all other directors with no recourse to any other source of indemnification.

No retention

Addressing the point that corporate indemnity may not be available to directors after a change in control, no deductible is applied to the policy.

Post transaction cover for continuing wrongful acts

Provides important continuity in situations where a claim arises from related wrongful acts which first occur before a transaction but continue afterwards, avoiding what could otherwise lead to uncovered loss.

Separate Limit of liability

Run-off cover is typically achieved by extending an existing policy, thereby only providing access to the original limit, which may have been eroded by existing claims. D&O Lifetime RunOff provides a separate and fresh limit of liability, ensuring that directors have access to the level of cover that they require.

Affirmative cover for claims brought by successor companies

This specifically includes any representations and statements made in connection with the transaction.

Individual claims reporting

Standard D&O policies require the company to report claims in a timely manner, and do not address run-off scenarios where the company no longer exists. We ensure that directors can report claims directly to the insurer and there is no penalty if any individual director is unaware of the existence of the policy.

Difference In Conditions cover for companies whose D&O insurance was not written by AIG

The policy provides peace of mind for directors choosing to buy run-off from AIG rather than their existing carrier. In addition to the wide policy coverage, any claim which would have been covered under the original policy is also covered under the Lifetime policy.

Option to elect Duty to Defend for all claims

Given the potential absence of a corporate entity to support them, directors may want to elect AIG to assume a duty to defend their claims.



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