

DIRECTORS & OFFICERS INSURANCE POLICY

PROSPECTUS

What is Directors & Officers Liability (D&O) Insurance?

Directors and officers (D&O) liability insurance Policies are intended to protect individuals from personal losses if they are sued as a result of serving as a director or an officer of a business or other type of organization. The Policy will also cover the legal fees and other costs the organization may incur as a result of such a suit.

Directors and officers need to steer their Organization towards the goals of Good Corporate Governance & Citizenship, Transparency, Employee friendly HR / Health & Safety Practices, as well as upholding the fiduciary duty owed to stakeholders, such as shareholders and beneficiaries.

Failure (or perceived failure) to do so will result in litigation which can be initiated by Shareholders, Regulatory & Government Authorities, Clients & Customers, Current & Former Employees, etc.

Apart from protecting the Directors & Officers themselves, this Insurance protects the interest of the Company by providing reimbursement for any defence costs & indemnification they may have provided the Director or officer in the situation mentioned above, or in instances where the company is also named in any litigation along with the director / officer.

Who are the Individuals this Policy protects (Insured Persons)?

Directors can be 'Executive' (eg. CEO / CFO / Company Secretary, etc.) who form the team of Management & therefore are employed by the Company. Directors can also be 'Non-Executive' who are members of the Public in good standing with impeccable credentials. Officers generally comprise the top management team who are responsible for the operation of the Company.

What does this Policy Cover?

D&O Insurance is often also referred to as Management Liability Insurance. The practice is to issue these policies on an "All Risks" basis, meaning that they are driven only by exclusions (anything not excluded will be covered).

Insuring Clause 1 "Insured Persons":

This coverage under the policy covers the legal liability including costs to defend any civil and / or criminal action against the Directors and / or Officers holding a responsible position in an organisation for any wrongful act, error or omission committed by them in course of their discharge of duties, in running the operations of the company and any other acts for and /or on behalf of the company. The amounts paid by the Insurer will be subject to the limits stipulated in the schedule to the policy.

Insuring Clause 2 “Company Reimbursement”:

This coverage is triggered when the Company indemnifies any claimant on behalf of the Insured Person(s) being sued by such 3rd Party Claimant. After such indemnification, the Company can seek reimbursement of all such sums including defence costs from the Insurer. The amounts paid by the Insurer will be subject to the limits & deductibles stipulated in the schedule to the policy.

Insuring Clause 3 & 4 “Entity Cover”:

These “Entity” covers (if extended) protect the organization from its legal liability to shareholders or from existing or previous employees who may be aggrieved in situations where the Entity itself has been named in the suit along with one or more Insured Persons. The amounts paid by the Insurer will be subject to the limits & deductibles stipulated in the schedule to the policy.

Insuring Clause 5 “Outside Directorship Cover”

When a Officer of the Company is asked to serve on the board of a subsidiary company or non-profit entity belonging to the Insured, this insuring clause indemnifies them when all other sources of indemnification have been exhausted for such an Outside Director. The amounts paid by the Insurer will be subject to the limits stipulated in the schedule to the policy

What period can this Policy be purchased for?

Such policies generally have a tenure of 1 year and can be renewed on the same or revised terms based upon the requirements of the Insured Company / Firm. Shorter periods for less than a year can be purchased for specific requirements at premiums specially designated for such shorter periods.

All policies come with an automatic discovery period of 90 days (for any claims which might not have been reported before the expiry of the Policy) if the policy does not get renewed

What should be the Sum Insured under this Policy?

The Sum Insured (referred to as the Limit of Liability) can be provided based on the specific requirements of the Insured Company / Firm. No lower or upper limits are mandated. Most small to medium Companies / Firms purchase limits of liability ranging from Rs 1 crore to Rs 10 crores applicable either for each claim & in the aggregate for all claims during the Policy Period. Larger Companies buy limits ranging from Rs 5 crores to Rs 100 crores or more.

What are the optional extensions under this Policy?

Add On Coverages

1. Additional Excess Protection for Insured Persons
2. Automatic Reinstatement Extension
3. Regulatory Crisis Costs
4. New Offering of Securities
5. Wallersteiner Endorsement
6. Management Buy Out Endorsement
7. Counselling Services Extension
8. Civil Fines and Penalties Amended (including UK Bribery & US FCPA)
9. Kidnap Response Costs

Clauses

1. Major Shareholder Exclusion (Amended)
2. SEC Exclusion
3. Interpretive Counsel
4. Self-Report

What are the exclusions under this Policy?

1. Prior & Pending

Any claim arising out of, based upon or attributable to any fact, circumstance, situation, transaction, event or wrongful act, company wrongful act or employment practices wrongful act:

- a) underlying or alleged in any prior and/or pending litigation, or arbitration proceeding, administrative or regulatory proceeding which was brought prior to the Pending and Prior Litigation Date set forth in Item 9 of the schedule; or
- b) which was the subject of any notice given under any other Management Liability policy, Directors and Officers liability policy or similar policy, unless such notice was provided to the insurer under an earlier policy but which was not accepted by the insurer as a valid notification, and where cover has been maintained continuously with the insurer from the inception date of the earlier policy to the end of the policy period.

2. Breach of Professional Duty

Any claim based upon, directly or indirectly attributable to, or in consequence of, the provision of any professional services and/or advice, or the failure to provide professional services or advice.

3. USA and Canada Insured vs. Insured

Any loss arising out of, based upon or attributable to, a claim brought within the United States of America or Canada or their territories or possessions or under any laws thereof, by or on behalf of any insured, provided however that this exclusion shall not apply to:

- a) defence costs;
- b) any claim made by an insured person alleging an employment practice wrongful act against an insured person;
- c) any claim made by a retired insured person;
- d) any claim brought or maintained by any insured for contribution or indemnity, if the claim directly results from another claim otherwise covered under this policy;
- e) any claim brought or maintained by any external administrator to the company (including but not limited to a liquidator, receiver, judicial manager, administrator or other external administrator);
- f) any claim against an insured which is a derivative action brought in the name of the company by someone who is not an insured person.

4. Bodily Injury / Property Damage

Any claim for any actual or alleged bodily injury, sickness, disease or death of any person, or any damage or destruction of any tangible property including loss of use thereof; however, this exclusion shall not apply to:

- (a) any allegations of mental anguish or emotional distress which allegedly results from an employment practice wrongful act.; or
- (b) defence costs payable under automatic extension clause 2.12

5. Securities

Any claim directly or indirectly arising from, or attributable to:

- a) the offering to the public during the policy period of any securities for subscription or purchase;
- b) the invitation to the public during the policy period to subscribe for or purchase any securities;
- c) any document prepared in relation to (a) or (b) above.

Provided however that this Exclusion 4.5 will not apply if the insurer has received prior written notice containing details of the offering and at its sole discretion, has agreed in writing to provide such additional coverage upon the terms, conditions, limitations, and additional premium which it deems appropriate.

6. Trustee Liability

Any claim arising from any position held by an insured person as trustee or administrator of any superannuation, pension, health and welfare, or other employee benefit plan or trust, established or maintained for the purpose of providing pensions, annuities or any other amount payable to a beneficiary.

7. Pollution

Any claim directly or indirectly arising from, or attributable to:

- a) the actual, alleged or threatened discharge, dispersal, release or escape of pollutants into or upon land, the atmosphere or any water course or body of water, whether such discharge, dispersal, release or escape is intentional or accidental; or

- b) any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise pollutants.

8. Radioactivity and Nuclear Risk

Any claim directly or indirectly arising from, attributable to, or in connection with:

- a) loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting from or arising from, or any consequential loss; or
- b) any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from:
- i. ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or
 - ii. the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

9. War/Terrorism

Any claim of whatsoever nature directly or indirectly caused by, resulting from, or in connection with, any of the following, regardless of any cause or event contributing concurrently or in any other sequence:

- a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- b) any act of terrorism; or
- c) any action taken in controlling, preventing, suppressing or in any way relating to (a) and/or (b) above.

For the purposes of this exclusion, an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

10. Fraudulent, Dishonest and Wilful Conduct

Any claim directly or indirectly arising from, or attributable to:

- a) dishonest, fraudulent or criminal act or omission of any insured or any wilful violation of any statute, rule or law; or
- b) profit or remuneration gained by any insured to which such insured is not legally entitled

as determined by a judgment or other final adjudication (including any appeal thereof) in the underlying action or in a separate action or proceeding, or any formal admission by or on behalf of such insured, that such conduct did in fact occur.

11. Major Shareholder

Any claim brought by, on behalf or for the benefit of, any shareholder owning or controlling, directly or indirectly, more than or equal to 15% of the voting share capital of the company or outside entity at the time of a wrongful act or employment practice wrongful act.

12. ERISA

Any claim directly or indirectly arising from, or attributable to any actual or alleged violation of the responsibilities, obligations or duties imposed by the Employee Retirement Income Security Act, 1974 (USA) or amendments thereto.

How is the Premium computed?

Premium rate depends on various factors such as limit of indemnity, nature of business, business sector, revenue with geographical bifurcations, USA & Canada exposure, optional covers opted for etc.

What are the cancellation provisions under this Policy?

Insured may cancel this policy at any time by giving the Insurer a minimum of 15 days' notice in writing stating therein the date & time Insured wishes such cancellation to be effective. Provided that there are no claims made or claims paid under this policy, insurer shall refund the proportionate premium for the unexpired period of insurance.

This Insurance is non-cancellable by the Insurer except for non-payment of premium

Note: The above are only some of the salient features of the Policy, for further details please refer to the complete Policy Wordings; Company website or contact your Insurance Broker

Claims Procedure

In case of any Occurrence that may give rise to a claim under your policy, you must:

- a) inform us of this as soon as you can and in any event within 30 days of becoming aware of any such loss or damage. We may, at our sole discretion, condone the delay in notification of claim on merits based on the reason for delay furnished by You to Us in writing.
- b) provide such written documents and information as we may require and, if asked, include verification of particulars on oath; and
- c) take all steps within your power to minimise the extent of loss, damage or liability.
- d) preserve any property affected and make it available for us or our representatives; and
- e) inform the Police if the loss or damage has been caused by any act purporting to be an offence under the applicable laws; and forward to us every letter, writ, summons and process in relation to your claim as soon as you receive it; and
- f) advise us in writing as soon as you receive notice of any prosecution or inquest that involves you and is relevant to your claim and provide any assistance that we may reasonably require.

B) Documentation

The documents normally required to be submitted in the event of a claim are :

1. Duly completed Claim form
2. Estimate of loss
3. Invoice/ Bills/Receipts

Any other details/documents called for a specific loss

Grievances

If You have any grievance about any matter relating to the policy, or Our decision on any matter, or Our decision about Your claim, You can pursue Your grievance with

1. Our Grievance Redressal Officer

You can send Your grievance in writing by post or email to Our Grievance Redressal Officer at the following address:

Grievance cell,

Universal Sampo General Insurance Co.Ltd, Unit No. 601 & 602, 6th Floor, Reliable Tech Park, Cloud City Campus; Gut no 31, Mouje Elthan, Thane Belapur Road, Airoli, Navi Mumbai – 400708

If you have a grievance that you wish us to redress, you may contact us with the details of your grievance through:

- Emails – grievance@universalsompo.com
 - Designated Grievance Officer in each branch.
 - Company Website – www.universalsompo.com
2. The Consumer Affairs Department of IRDAI—You can register Your grievance on IRDAI's Integrated Grievance Management System (IGMS),
 3. The Insurance Ombudsman, depending on the nature of grievance and the financial implication, if any, or
 4. The Consumer Protection Forum or the Court.
 5. You can find more details about Insurance Ombudsmen at www.ecoi.co.in or www.irdai.gov.in.

Contact Details

- **Website:** www.universalsompo.com
- **Toll Free Numbers:** 1800-22-4030, 1800-200-4030
- **Landline Numbers:** (022)-39635200 (Chargeable)
- **E-mail :** contactus@universalsompo.com
- **Courier:** Universal Sampo General Insurance Co. Ltd, Unit No- 601 & 602 A Wing, 6th Floor, Reliable Tech Park, Cloud City Campus; Thane- Belapur Road, Airoli- 400708

INSURANCE ACT 1938 SECTION 41- Prohibition of Rebates

No person shall allow or offer to allow either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectus or tables of the insurer.

ANY PERSON MAKING DEFAULT IN COMPLYING WITH THE PROVISIONS OF THIS SECTION SHALL BE PUNISHABLE WITH FINE WHICH MAY EXTEND TO TEN LAKHS RUPEES.

Disclaimer: In the event of any question relating to interpretation of the insurance coverage, the policy document will prevail.