

Principal features of the Howden CB7

Directors and officers liability insurance policy

The policy is designed to provide protection to individuals for expenses arising from claims against them for (alleged) acts committed in their capacity as managers of the company and for costs associated with regulatory investigations.

Covered individuals: past, present and future directors, officers, partners and individuals in equivalent positions. Cover is also extended to heirs, estates, spouses and civil and domestic partners by reason of their status in relation to insured persons.

Covered claims: the policy protects insured persons from claims made or circumstances notified during the policy period. It includes cover for:

- suits, proceedings (including extradition, employment practice, injunctive, mediation and arbitration proceedings) for monetary damages or other relief,
- regulatory proceedings and official investigations,
- criminal prosecution until a final adjudication of guilt.

Covered payments: insurers will pay monies on behalf of the individual or the company where it indemnifies the individual for:

- settlements and damages,
- costs, charges and expenses (including experts costs), and
- civil fines and penalties or punitive or exemplary damages where insurable by law.

Coverage extensions: the policy has been enhanced with the provision of cover for:

- Additional limit of liability: GBP1,000,000 limit of indemnity for each insured person once the original policy limit has been eroded. This applies to claims unrelated to those eroding the original limit and is subject to an overall aggregate limit of twice the original limit of liability.
- Internal investigations: costs for representation at an internal investigation following a self-report under the bribery act or similar.
- Retired directors: 72 months extended reporting period for directors retired during the policy period if no other cover is in place at no additional premium, provided such retirement is not as a result of the winding up or takeover of the company.
- Company wind up / takeover: 72 months extended reporting period for insured persons for 150% of the annual premium.
- Board replacement: 72 month extended reporting period options in the event of shareholder / investor action to replace the board.
- Pre agreed discovery periods in the event the policy is not renewed:
 - If the policy is not renewed: 60 days at no additional premium.
 - If insurers refuse to renew: 12 months at 50%, or 24 months at 100%, of the annual premium.
 - If you decline to renew: 12 months at 100%, or 24 months at 150%, of the annual premium.

Additional costs: to address proceedings to restrict liberty and confiscate property; witness and travel costs, crisis communication costs, risk management costs and interpretive counsel costs.

Claims handling: the policy has been drafted to ensure that:

- insurers cannot avoid or rescind a policy or decline a claim for innocent non-disclosure or for failure to comply with claims notification provisions,
- insured persons have the right to select their own counsel, and
- if payment is due contemporaneously to both an individual and the company, insurers will first pay claims on behalf of the individual.

Cancellation provisions: the policy may not be cancelled other than for non-payment of premium, this leaves insured persons protected in the event the company is placed in to administration as liquidators will not be able to cancel the policy to recover premium.

Summary of exclusions to the "Howden CB7"

1. Prior claims and circumstances: cover is not provided for claims or circumstances notified under any policy of which this is a renewal or replacement.

2. Prior and pending litigation: cover is not provided for claims arising from any litigation against the insured person or the company of which they were aware prior to the date specified in the policy.

3. Conduct: there is no cover for proven or admitted:

- A) deliberate fraudulent or dishonest acts
 - B) illegal personal profit or advantage
- Costs for defending such claims are, however, covered.

4. Bodily injury and property: cover is not provided for bodily injury, sickness, disease or death of any person or for damage to or destruction of property as these are usually covered by other insurance products. Notwithstanding this, cover is provided for emotional distress claims arising from employment practice, libel or slander claims; for corporate manslaughter proceedings and for shareholder derivative actions.

Please note that the above are summaries only. Please refer to the policy for full terms and conditions.