

RELIANCE DIRECTORS & OFFICERS' LIABILITY POLICY

Directors and Officers Coverage's in Glance

What is Directors and Officers Liability Insurance?

Directors and Officers Liability Insurance protects past, present and future Directors and Officers / Key Managerial Personnel (KMP) of the Companies from damages resulting from alleged or actual unintentional wrongful acts they may have committed in their managerial capacity.

The policy provides protection of claims brought against Directors, Officers, Employees in the event of any actual or alleged unintentional error, misstatement, omission, misleading statement, or breach of duty.

Who generally purchases Directors and Officers Liability Insurance?

Any publicly limited company; non-profit organisation and private company should consider Director and Officers Liability Insurance.

Why buy Directors and Officers Liability Insurance?

Claims from employees, clients and stockholders may be made against any Company and against the Directors and Officers / KMP of a Company. Since a Director or Officer can sometimes be held responsible for acts of the Company, most Directors and Officers will want to be covered rather than risk their personal assets.

What it Cover?

Directors and Officers Liability Insurance provides indemnity to Directors and Officers / KMP for:

- ▶ Legal and defense costs, and
- ▶ Damages and expenses incurred,

Arising from claims brought against them, due to unintentional wrongful acts in their official capacity as Director or Officer / KMP of a Company.

Which incidents can lead to litigation on your Directors and Officers / KMP ?

Including but not limited to Incident listed below may lead to possible litigation against Director and Officers / KMP.

- ▶ Irregularities in securities issues
- ▶ Breach of duty to minority shareholders
- ▶ Management integrity issues
- ▶ Employment irregularities/harassment
- ▶ Auditing and Accounting practices
- ▶ Mergers & Acquisitions
- ▶ Corporate Governance requirements
- ▶ Compliance with various legal statute
- ▶ Listing of stock or debt on a stock exchange

Reliance Directors and Officers Liability Insurance

Directors and Officers / KMP have a duty to exercise due diligence in overseeing the activities of the organization that they serve. Reliance General Insurance Company Limited Directors and Officers Liability Insurance Policy provides protection for claims brought against Directors, Officers I KMP and Employees for actual or alleged unintentional breach of duty, neglect, misstatements or errors in their managerial capacity.

Form: Right to Defend form
Wording: Reliance D&O Claims made wording
Insuring Clauses: RGICLD&O Wording cover's against

1.1 Directors and Officers' Liability Coverage

On behalf of each Insured person cover's Loss for which Insured Person is not indemnified by an organisation on account of any D&O Claim

1.2 Legal Representation Expenses

On behalf of each insured person cover legal representation expenses on account of any formal investigation commenced up to the sub-limits specified

1.3 Company Reimbursement Coverage

On behalf of an organisation cover's Loss for which the organisation grants indemnification to each Insured person on account of any D&O claim

1.4 Entity Employment Practices Coverage

On behalf of an organisation cover's loss on account of any Entity employment practice liability claim against organisation, provided that such claim is also made and continuously maintained against at least one insured person of the organisation up to the sub-limits specified

1.5 Entity Securities Claims Coverage

on behalf of an organisation cover's on account of any Entity Securities claim up to the sub-limits specified

Claim should first made during the policy period or, if exercised during the extended reporting period, for a wrongful act occurring before or during the policy period.

Important Definitions

Organisation means the principal organisation and any subsidiary (Please refer policy wordings for further details)

Insured means an organisation and/or insured persons (Please refer policy wordings for further details)

Insured Person means directors, officers, employee (Please refer policy wordings for further details)

Director means any natural person, who was, now is or shall during the policy period be the director of organisation

(Please refer policy wordings for further details)

Officer/KMP means as defined under new Companies Act, 2013

Loss means the amount which an insured becomes legally obligated to pay on account of any covered claim.

(Please refer policy wordings for further details)

“D&O Claim” means:

- ▶ Any written demand for monetary damages or non- pecuniary relief;
- ▶ Any civil proceeding;
- ▶ Any arbitration, mediation or alternative dispute resolution proceeding;

- ▶ A criminal proceeding;
- ▶ Any formal administrative or formal regulatory proceeding commenced by the filing of a notice of charges, formal investigative order or similar document; or
- ▶ An extradition proceeding

Against any insured person, individually or otherwise, for a wrongful act, including any appeal therefrom.

General Exclusion:

Below mentioned exclusions are standard and based on risk proposed it may differ as per sole discretion of underwriter.

- ▶ Bodily Injury and Property Damages
- ▶ Professional Services Exclusion
- ▶ Pollution Exclusion
- ▶ Contractual liability
- ▶ Consensual claims
- ▶ USA Insured Vs. Insured
- ▶ Dishonesty

Extensions

Below mentioned list is an indicative extensions, it may vary based on risk proposed and sole discretion of underwriter.

- ▶ Occupational Health & Safety Defense Costs
- ▶ Pollution Defense Costs
- ▶ Shareholder Pollution Actions
- ▶ Bilateral Extended Reporting Period
- ▶ Retired Directors or Officers
- ▶ Emergency Defense Costs
- ▶ Spouses, Heirs & Representatives

Prohibition of Rebates - Section 41 of the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015.

1. 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 or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer.
2. Any person making default in complying with the provisions of this section shall be liable for a penalty which may extend to ten lakh rupees.