

# DIRECTORS AND OFFICERS LIABILITY INSURANCE

The liabilities of business leaders in today's changing world are volatile. They demand a knowledgeable and experienced insurer comfortable dealing with complex and potentially severe legal challenges. Chubb, a global leader in executive protection insurance, is able to offer a D&O Liability Insurance policy backed by outstanding claims service, more than 20 years of experience and financial stability.

## Insuring Clauses

- **Directors and Officers Liability Coverage:** Covers loss in respect of liabilities incurred by directors and officers where their company is unable to indemnify them.
- **Company Reimbursement Coverage:** Covers the company for indemnities provided to its directors and officers.
- **Entity Securities Coverage:** Covers the company for claims alleging breaches of securities laws with respect to the sale, purchase or ownership of its securities.
- **Legal Representation Expenses:** Covers the Legal Representation Expenses of director and officers in respect of their attendance at, or the provision of documents to, a formal investigation. The full policy limit is available with no wrongful act trigger.

## Extensions

- **Advancement of Defence Costs & Legal Representation Expenses:** Will be paid within 30 days of receipt of defence counsel's invoice.
- **Pecuniary Penalties:** Covers pecuniary penalties which a director or officer is required to pay in and under the laws of Australia and New Zealand including pecuniary penalties pursuant to the Trade Practices Act 1974 (Cth).
- **Occupational Health & Safety Defence Costs:** Full policy limit available for Defence Costs and Legal Representation Expenses incurred in the defence of an OH&S claim.
- **Pollution Defence Costs:** Sub limit available for Defence Costs incurred in defending a claim resulting from pollution by the company.
- **Shareholder Pollution Actions:** Full policy limit available for claims by shareholders resulting from pollution by the company.
- **Dedicated Additional Limit of Liability for Director and Officers:** Discrete limit available to directors and officers in addition to the limit of the policy.
- **Outside Directorship Liability:** Extends to any qualifying outside entity on an automatic basis otherwise cover can be provided with Chubb's consent.
- **Bilateral Extended Reporting Period:** 90 days cover provided for no additional premium and 365 days cover for 50% of the annual premium.
- **Retired Insured Persons:** In the event that the policy is terminated or non renewed and provided that no 'event' has occurred, directors and officers who have retired prior to the expiry of the policy period will be covered for 7 years at no extra charge.
- **Emergency Defence Costs:** Defence Costs and Legal Representation Expenses can be incurred for up to 30 days without Chubb's prior written consent where such consent cannot be requested due to an emergency.
- **Spouses, Heirs & Representatives:** If named in a claim, are covered for wrongful acts of a director or officer.
- **Continuity of Cover:** Covers claims or circumstances which could or should have been notified under a prior policy where Chubb was the insurer.

## Features of Chubb D&O Liability Insurance

- **Claims Definition:** Includes Extradition proceedings.
- **Director and Officer Definitions:** Now mirror the Corporations Act definitions.
- **Insured Person:** Includes a director or officer, an employee (for EPL claims; where they act in a managerial or supervisory capacity; hold an outside directorship position or where they are subject to a claim along with any directors or officers) and a director of a corporate trustee or policy committee member of any Insured's superannuation fund.



- **Loss Definition includes Punitive, Exemplary or Aggravated Damages:** Provided that Chubb is not legally prohibited from paying such damages in the jurisdiction in which the claim is determined.
- **Subsidiary:** Includes incorporated joint ventures or companies over which the company has effective management and control.
- **No Prior Knowledge Exclusion.**
- **No ‘Hammer’ Clause.**
- **Insured v Insured Claims:** Cover for claims brought outside the USA unless they are Consensual Claims. Cover for claims brought in the USA is limited to derivative actions, claims by past directors, employment claims, claims for contribution or defence costs.
- **Professional Services Claims:** Exclusion uses more restrictive “for” language.
- **No Trustees Exclusions:** Now confined to an ERISA (USA) exclusion.
- **Dishonesty Exclusion:** Does not apply to Chubb’s obligation to advance Defence Costs or Legal Representation Expenses until a final adjudication in any proceeding establishes a deliberately fraudulent act, omission or wilful violation or breach. Admissions by insured persons no longer trigger the exclusion.
- **Full Severability of Dishonesty Exclusions:** Facts pertaining to or knowledge possessed by one insured person shall not be imputed to another insured person and only facts pertaining to and knowledge possessed by certain key individuals of the company will be imputed to the company.
- **No Avoidance or Rescission for Misrepresentation or Non-disclosure:** Chubb has expressly waived its rights to avoid the policy in the event of misrepresentation or non-disclosure in the proposal form.
- **Deductible Funding:** Chubb will fund the deductible and recover it from the company if the company is not prevented from reimbursing an insured person, but refuses to do so.
- **Notification of Circumstances:** The Insured may notify any circumstances which could give rise to a claim.
- **Newly Acquired Companies:** The threshold for newly acquired companies is 25% of the assets of the company; otherwise acquisitions must be reported to Chubb.
- **Acquisition of Company:** In the event of the acquisition of the company, Chubb will provide a quotation for an extended reporting period of up to 7 years.
- **No SEC Exclusion:** Coverage for USA public offerings is automatically provided for 60 days pending approval of cover by Chubb.
- **No Securities Offerings Exclusion**
- **Priority of Payment:** Priority will be given to the payment of loss that falls within the directors and officers insuring clause.

Visit us on the Web at [www.chubbinsurance.com.au](http://www.chubbinsurance.com.au) for examples of Directors and Officers Claims Scenarios and to obtain a copy of the Chubb Directors and Officers Liability Insurance Proposal Form.

### The Chubb Advantage

Chubb has earned its leadership position in the D&O liability insurance marketplace by consistently providing broad coverage, superior service, outstanding expertise, and unflinching commitment to helping companies solve any executive protection challenge. In particular, we stand apart from other insurers in the areas of financial stability, experience and expertise, and unparalleled claims service.

### Chubb Insurance Company of Australia Ltd

ABN 69 003 710 647 AFS Licence Number 239778

<b>Sydney</b>	Level 29, 2 Park Street, Sydney NSW 2000
<b>Melbourne</b>	Level 14, 330 Collins Street, Melbourne VIC 3000
<b>Perth</b>	Level 22, Exchange Plaza, 2 The Esplanade, Perth WA 6000
<b>Brisbane</b>	Level 24, 12 Creek Street, Brisbane QLD 4000

Tel (02) 9273 0100	Fax (02) 9273 0101
Tel (03) 9242 5111	Fax (03) 9629 7417
Tel (08) 6211 7777	Fax (08) 9325 7730
Tel (07) 3229 4488	Fax (07) 3221 1677

[www.chubbinsurance.com.au](http://www.chubbinsurance.com.au)

Disclaimer: For promotional purposes Chubb refers to member insurers of the Chubb Group of Insurance Companies. Coverage is underwritten by Chubb Insurance Company of Australia Limited AFS Licence Number 239778. The information contained in this brochure is descriptive only and not intended to be comprehensive. The precise coverage provided by the policy is subject to the terms and conditions contained in the policy wording when issued. C1656/05EPP