

Directors' and Officers' liability insurance

Insurance Product Information Document



Company: UAB „Prokopius“ (Prokopius Underwriting Agency, Lithuania) is an official Lloyd's Coverholder, authorized to enter into contracts of insurance, collect premiums, handle claims and perform other functions on behalf of Lloyd's Insurance Company S.A. - insurance company authorised and regulated by the National Bank of Belgium (NBB) and regulated by the Financial Services and Markets Authority (FSMA) (Ref. 3094).

This document provides a user-friendly description of insurance product and its purpose, but it is not a formal part of the insurance contract. Full terms and conditions can be found in documents constituting insurance contract – Policy Schedule and Wording.

What is this type of Insurance?

Directors' and Officers' risks – members of management can be held **personally liable** for their actions (or inaction) in management capacity. By court practice, members of management are subject to:

- **civil (legal) liability** which is **unlimited** (unlike for ordinary employees)
- **duties in law:** act with reasonable care; act in the best interests of the Company (and its' creditors); avoid conflict of interest (company vs personal); maintain confidentiality; make sure Company complies with all applicable laws and regulations; duly organize Company activities; monitor and control contract performance; make calculated prudent decisions based on information available; etc.
- **personal fines, inquiries and investigations** from regulatory / governmental institutions

Directors' and Officers' Liability insurance provides personal protection to members of management in case of claims, fines, proceedings or investigations imposed against them by indemnifying their associated losses (including for their legal defence) or ultimately Aggrieved Persons (Company, its' creditors or other persons prescribed by law) who incurred losses for which Insured Person is held liable.



What Is Insured?

COVERED EVENT	AGAINST	NECESSARY CONDITIONS
✓ Claim or demand	Director	Alleged WRONGFUL ACT of Director
✓ Fine/penalty	Director	Alleged WRONGFUL ACT of Director
✓ Criminal, civil, administrative, regulatory or arbitration proceeding or formal investigation	Director	Alleged WRONGFUL ACT of Director
✓ Employment practice claim	Director	Alleged WRONGFUL ACT of Director
✓ Extradition proceeding	Director	
✓ Claim for Directorship duties in other companies that are not insured under this Policy	Director	1) Alleged WRONGFUL ACT of Director 2) position is held with the consent of the Insured Company
✓ Investigation/inquiry	Company or Director	Director requested to attend/respond
OPTIONAL EXTENSIONS – awarded only if pre-agreed at application stage by Insured and Insurer:		
✓ Entity employment practice Claim	Company	alleged violation of employment law or other legal provision concerning employment by Company
✓ Entity securities Claim	Company	concerning the purchase or sale of the Debt or Equity securities of the relevant Company

Insured Persons (herein referred as Director in short) - **any natural person who was, is or shall be:**

- ✓ any Director including executive, non-executive and supervisory positions for Company
- ✓ any Employee serving managerial functions for Company

Insured Companies: Company noted in the Policy or any Subsidiary (owned by Company 50%+)

- Losses covered:**
- ✓ Legal defence expenses necessary to respond to Claim/proceedings thoroughly
 - ✓ Personal fines/penalties to Director due to WRONGFUL ACT in management capacity.
 - ✓ Loss to Claimant for which Director is held liable due to WRONGFUL ACT in management capacity.
 - ✓ Loss mitigation expenses of any matter which may give rise to loss covered under Policy.
 - ✓ Crisis Management and Public Relations Costs following Critical Event to Company:
 - ✓ Claim covered under this Policy or Criminal Investigation commenced against Company or Director
 - ✓ Unauthorized access to (or manipulation of) Company's computer systems
 - ✓ Loss of a major income stream which constitutes 25%+ of Company's annual revenue
 - ✓ Director's Spouse, Heirs and Estates are covered if recovery against Director overreach to them.
- For Director whose duties terminated during Policy Period, cover shall continue for additional 72 months



What Is Not Insured?

- ✘ Claims made prior to Policy Period
- ✘ Claims emanating from facts or circumstances known prior to Policy Period
- ✘ Claims emanating from acts committed prior to Retroactive Date stated in the Policy
- ✘ Breach of and/or offence under any money laundering legislation
- ✘ Criminal fines or penalties or any loss resulting from Insured's criminal activity that is upheld as such by a court of final appeal
- ✘ Claims for failure of any investment or financial product to perform as anticipated **unless** such failure to perform is a direct result of an independent **WRONGFUL ACT** of Director

Claims that are supposed to be covered under other types of insurance, e.g.:

- ✘ General liability insurance - claims for bodily injury, damage to tangible property or environment that arises from Company's business activities or tangible Products provided
- ✘ Employer's liability insurance - Work-related bodily injury to Employees
- ✘ Professional indemnity insurance – claims for non-performance of professional services of Company or any alleged act, error or omission relating thereto **apart from** and to the extent that Director is claimed for alleged failure to supervise



Are There Any Restrictions On Cover?

! Insurer does not cover the first amount of each claim (known as the excess/deductible) as shown in the Policy

- ! Maximum amount payable by Insurer is specified in limits section in the Policy. Policy may also note sublimits applicable for a particular cover.
- ! Pay great attention to special conditions noted in Your Policy, these may specify restrictions applicable
- ! Prior written consent from the Insurer may be needed before the Insurer agrees to indemnify particular losses or expenses (e.g. legal defence costs).



Where Am I Covered?

✓ Your cover is **global** unless specifically stated in the Policy otherwise. Cover in USA is often restricted, so please specify at application stage if cover in USA is required.



What Are My Obligations?

obligations at the start of the contract:

- 1) Provide true and complete info which is requested at application stage (including in proposal form) – it is **material risk details** and has legal weight to Your insurance cover.
- 2) Pay premium by the due date stated in the Policy.

obligations during the term of the contract:

- 1) Notify Prokopius (directly or via Your Broker) of any **material changes to risk details** as soon as practicable.

obligations in the event that a claim is made:

- 1) Notify Insurer about the claim (covered event or known circumstance that may lead to covered event) as soon as practicable, in writing to claims@prokopius.com or via Your Broker.
- 2) Take necessary reasonable measures to mitigate the loss (if such measures exist).
- 3) Provide details about the covered event necessary for the Insurer to evaluate circumstances and consequences of the covered event and amount of the insurance settlement applicable.
- 4) If a claim is made against you, organize legal defence, make proposals to the Insurer about how this claim should be defended in Your opinion, including proposed lawyers and their rates.
- 5) Make sure to respond to claim in applicable timeframe in law (especially in court).
- 6) Do not admit liability (even in part) without Insurer's prior written consent.



When And How Do I Pay?

WHEN The insurance premium must be paid by the due date stated in the Policy.

HOW Via any payment services provider that execute transfer to the bank account specified in the Policy or corresponding Debit Note. While making a transfer please make sure respective Policy Number is specified in the payment details.



When Does The Cover Start And End?

Cover starts and ends on the dates specified in Policy Period section of the Policy. Usual duration of Policy Period is 12 months. Payment of insurance premium on time is a necessary condition for the Cover to come into force. Cover may end prior to date specified in Policy Period section if Policy is terminated in writing.



How Do I Cancel The Contract?

You can terminate the insurance contract by submitting a written request of cancellation to info@prokopius.com or via Your Broker.